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NEWS SUMMARY

GENERAL

Briton released from Iran jail

British businessman Andrew Pyke, held without trial in Iran for 17 months, has been released and is expected home in the next few days.

The Foreign Office said yesterday Mr Pyke, who was jailed on spying charges which were later dropped, had been handed over to the British interest section of the Swedish embassy in Tehran.

Pym 'praised'

Mrs Thatcher praised Commons leader Francis Pym's speech warning of falling living standards but she is said to be furious that he contradicted recent optimistic speeches by ministers. Back Page and Page 10

Tory MPs rebel

Government efforts to raise £50m a year by making employers liable for national insurance charges on sick pay face defeat after a Tory revolt. Page 10

Bush's car hit

FBI said the object which struck U.S. vice-president George Bush's limousine near the White House was probably a falling stone from a building.

Prices protest

Workers in the Polish city of Wroclaw mounted go-slow protests against food price rises in response to calls by Solidarity activists. Page 2; Haig, Back Page

Council reprieve

The Government has given up its attempt to introduce legislation to control council spending and to penalise councils for exceeding targets. Page 10

Solent gas fear

Mobil oil group wants to moor a liquefied petroleum gas storage vessel in the Solent, one of the busiest boating areas in the UK. Back Page

Dozier ordeal

U.S. General James Dozier said his Red Brigades kidnappers made no serious attempt to extract secrets from him. Crackdown, Page 2

Missile missing

A U.S. air force bomber accidentally dropped a Sidewinder missile over the Black Forest in West Germany. The missile is still missing.

Settlement plan

Israel plans to build 20 new Jewish settlements on the occupied West Bank and Golan Heights in the next few months. Page 3

Namibia aid

South African Premier P. W. Botha said Namibia was "an economic millstone around the neck" of Pretoria which provided aid worth R600m (£317m) last year. Page 3

Trial ordered

An Australian coroner ordered a woman to stand trial for the murder of her baby daughter, overturning an earlier verdict that the child was killed by a wild dog.

China gold fever

Thousands of shovel-wielding Chinese have been converging on a gold mine in Inner Mongolia in search of "rich pickings" from the debris.

Royal patron

The Princess of Wales has agreed to become the patron or president of five organisations, all either connected with children or Wales.

Briefly . . .

Man died in a gas explosion at a block of Edinburgh flats.

Heavy flooding in the southern Philippines left 13 dead and 50,000 homeless.

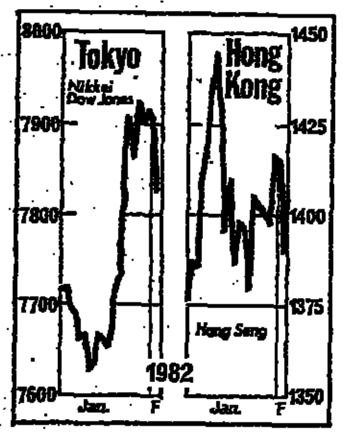
BUSINESS

Markets recover after early falls

● GILTS were sharply down at the opening, but rallied strongly on the authorities' calm reaction to U.S. developments. The Government Securities index fell 0.25 to 64.4. Page 26

● EQUITIES also recovered after early weakness. The FT 30-share index opened down 11.8, but closed off a point at 571. Page 26

● TOKYO and Hong Kong stock markets were upset by Monday night's Wall Street fall and the



rise in U.S. interest rates. The Nikkei Dow index shed 81.79 to 7,828. The Hang Seng index lost 25.87 to 1,390.15. Page 24

● WALL STREET was up 4.85 at 856.54 near the close. Page 24

● GOLD rose $1.5 to $380.5 in London. In New York the Comex February close was $376.6. Page 20

● DOLLAR was little changed after volatile trading. It rose to SwFr 1.8825 (SwFr 1.875) and Y233 (Y232.5), but was unchanged at DM2.35 and eased to FFr 5.965 (FFr 5.974). Its trade-weighted index was 111.1 (110.9). Page 20

● STERLING rose 20 points to $1.8635, and to DM 4.3825 (DM 4.3775), SwFr 3.51 (SwFr 3.4925) and Y434.5 (Y433), but eased to FFr 11.115 (FFr 11.12). Its trade-weighted index was 91.9 (91.8). Page 20

● TUC called for an £8.3bn reflation of the economy, claiming it would create 4 per cent growth and 750,000 jobs for only a 1.1 per cent rise in inflation. Back Page

● W. GERMAN economy could grow by up to 1.5 per cent this year, the government believes. Back Page

● McDONNELL DOUGLAS, U.S. aircraft maker, is expected to convert into preference shareholdings at least part of the $46m (£24.7m) Laker dollar debt it guaranteed in connection with Laker Airways' DC-10 purchases. Back Page

● SCOTCH WHISKY industry is to reduce output this year. Page 8

● CHINA is to boost trade with Poland by more than 25 per cent this year. Page 4

● NORTH SEA oil companies are among producers outside Opec which are leading crude prices down. Page 6

● GENERAL MOTORS appointed American John Fleming to head its UK subsidiary Vauxhall Motors. Page 7

● STOCK EXCHANGE decided that dealings in John Brown last November before the announcement of projected losses were carried out in good faith. Page 13

● REED International, paper, printing and publishing group, increased pre-tax profits from £42.1m to £53.7m for the nine months to January 3. Page 18; Lex, Back Page

● UNITED GLASS increased pre-tax deficit from £5.57m to £6.23m for the year ended November 28. Page 18; Lex, Back Page

● PRESTIGE Group, houseware manufacturer, saw pre-tax profits rise 16.8 per cent to £6.62m last year. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Assc Dairies	145	+ 7
Cowan de Groot	35	+ 4
Fisons	242	+ 24
IDC	104	+ 11
ICI	338	+ 6
Lamont	22	+ 4
Lec Refrigeration	200	+ 8
Metal Closures	122	+ 7
Mills and Allen	518	+ 10
Prestige	141	+ 4
Unitech	235	+ 12
Wintrust	150	+ 3

FALLS		
Allied Textile	196	− 6
Amstrad	180	− 13
Cornell Dresses	157	− 8
Firth (G. M.)	210	− 13
Guinness Peat	74	− 6
Utd Engineering	270	− 8
Walker (C. and W.)	20	− 3
Zetters	77	− 5
Anglo Amer Gold	£36	− 1
Doornfontein	818	− 39
Randfontein Ests	£28½	− 1

Aslef refuses to take part in inquiry and alters strike tactics

BY PHILIP BASSETT, LABOUR CORRESPONDENT

PROSPECTS for settling the train strikes receded sharply last night after leaders of the Associated Society of Locomotive Engineers and Firemen refused to co-operate with an independent inquiry into the union's pay and productivity dispute with British Rail.

BR will run no trains today, tomorrow or on Sunday, and the ASLEF executive yesterday called further strikes on Tuesday and Thursday next week.

This change of tactics by the union, with strikes on different days, will cause considerably greater disruption to BR and is likely to provoke further tough measures from the BR board tomorrow.

Aslef's refusal to co-operate with the inquiry announced yesterday by the Advisory Conciliation and Arbitration Service, decreases its value as a means of resolving the dispute.

But the inquiry will go ahead with a preliminary hearing later today taking evidence from BR, the National Union of Railwaymen and the white collar Transport Salaried Staffs Association.

One Acas official said: "It will be a wedding without a bride, but it will go ahead."

Aslef baulked at the inquiry's terms of reference. These mentioned the productivity issue of more flexible work rostering, at the heart of the dispute.

The full terms of reference are: "To consider the terms of the 1981 pay and productivity understandings, ratified as agreements by the Railway Staffs National Council and, taking into account the agreement to introduce a 39-hour week, to make recommendations to resolve the differences over the payment of the further 3 per cent pay increase to footplate grades and over Clause (c) of the productivity understanding on flexible rostering and related matters."

Mr Ray Buckton, Aslef general secretary, insisted again that for Aslef to enter into further talks on productivity BR would first have to pay the 3 per cent second stage of last year's two-stage 11 per cent pay deal which it is withholding. He said the 3 per cent was not conditional on these other matters.

Mr Len Murray, TUC general secretary, telephoned Mr Buckton before the Aslef executive decision and urged it to co-operate with the inquiry.

However, Mr Buckton said: "I don't think Len Murray has realised the serious wording of these terms of reference."

Mr Pat Lowry, Acas chairman, said he had heard of the Aslef decision with "great regret." However, senior Acas officials were unrepentant that the terms of reference had specifically included mention of the productivity issue.

Inquiry membership is also

Continued on Back Page

RAIL PAY CASH 'MAY RUN OUT'

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL said yesterday it might run out of cash to pay its staff by the end of the month as a result of the continued drain on its resources caused by the Aslef strikes.

The BR board will discuss the financial position tomorrow.

Top of the agenda will be the effect of the Aslef strike on revenues from the passengers. Second will be the ability of BR to continue to pay wages and salaries.

At the end of 1980, the latest date for which figures are available, BR had 239,680 staff, of whom 178,059 worked directly on the railways.

Then will come discussion of strategy for an approach to the Government for essential financial help.

So far, British Rail says, its officials have not had specific talks with the Transport Department about any extension to BR's external financing limit.

The BR board will also discuss the possibility of calling on the Government to extend its short-term borrowing limits.

CBI urges £1.5bn more public-sector borrowing

BY JOHN ELLIOTT AND PETER RIDDELL

AN INCREASE of £1.5bn in Government plans for the coming year's public-sector borrowing requirement was called for last night by the Confederation of British Industry during meetings with Sir Geoffrey Howe, Chancellor of the Exchequer, and leading backbench Conservative MPs.

This followed publication of the CBI's quarterly industrial trends survey, which showed that demand and output in manufacturing industry were not improving significantly and were likely to remain flat for four months.

Redundancies are expected to continue to rise at a rate of about 15,000 a month till the late spring, compared with about 35,000 a month this time last year. The CBI forecasts that unemployment will rise to about 3.25m by mid-year.

"I have no evidence that a recovery is under way," said Sir Terence Beckett, director-general of the CBI, when asked whether the CBI findings clashed with Government claims that the economy was picking up.

Sir Terence told the Chancellor that the increase was urgently needed to pay for cuts

A Tory revolt against Government attempts to raise £50m a year by making employers liable for national insurance charges on sick pay raised the prospect of Government defeat on the Social Securities and Housing Benefits Bill. Page 8

in industry's costs. Total borrowing, planned to fall to £9bn in 1982-83, should be kept at the current year's levels of £10.5bn, an increase of £1.5bn.

Later he continued a political lobbying campaign the CBI has waged for the past few weeks when he met the Tory MPs' backbench finance committee to discuss the Budget.

MPs attending the meeting said that the CBI Budget proposals, to be officially published next week, included increased public spending on State-owned projects totalling £250m in 1982-83, rising to £1bn in 1983-84.

The proposals are in line with those urged by moderate "Wets" such as Mr Jim Prior, Northern Ireland Secretary, and Mr Francis Pym, Leader of the Commons.

Basically the CBI wants the Budget to help lift industry off the bottom of the recession, so boosting the trends noted in yesterday's survey.

But it does not want demand to increase so fast that imports are needed to fill gaps left by UK manufacturers, which are still operating well below capacity.

TUC calls for £8.3bn reflation, Back Page

Feature, Page 17

Exchange sets tin premium limit

BY JOHN EDWARDS, COMMODITIES EDITOR

THE LONDON Metal Exchange yesterday told a special meeting of ring-dealing members that a maximum limit of £120 a tonne was to be imposed on the premium that can be demanded for selling cash tin for delivery the following day.

An unidentified group, believed to be acting on behalf of producers, has conducted a buying campaign since last July which has driven prices to record levels, in spite of poor consumer demand. The group has acquired most of the available tin.

It is therefore in a position to dictate prices to anyone with outstanding sale (short) positions that have to be honoured, unow is the time for a goodwd

After a series of meetings the London Metal Exchange board and committee, which regulate dealings on the exchange, decided the £120 a tonne premium unit was the best arrangement in a tricky situation.

He means traders with outstanding sales which they have to cancel out before the delivery date cannot be forced to pay a premium of more than £120 a tonne above the price for cash tin by holders of available supplies, who otherwise might have been able to name their price.

The committee said it had received assurances from the dealers, acting on behalf of the group, that trading would continue in an orderly fashion.

There was little reaction on the tin market yesterday. Traders took a divided view. Some felt the £120 a tonne premium limit was enough to penalise companies which had take a wrong view of the market without forcing them to default. Others said those who had gambled on prices falling by selling short were being let off too lightly.

Details, Page 25

CONTENTS

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U.S. prime rise discouraging says Regan

BY OUR FOREIGN AND FINANCIAL STAFF

Mr Donald Regan, the U.S. Treasury Secretary, said yesterday the increase in U.S. prime interest rates this week was "discouraging." But he repeated his belief that interest rates would soon fall again.

Mr Regan's comments came as more large U.S. banks raised the rates at which they lend to their best corporate borrowers from 15¾ per cent to 16½ per cent. They followed the lead set by Citibank on Monday.

Mr Paul Volcker, chairman of the Federal Reserve, will meet President Reagan next week to discuss the rise in interest rates.

The meeting between the President and Mr Volcker was announced by Mr Edwin Meese, the presidential counsellor, on television. The fresh rise in interest rates has come only days after Mr Regan predicted the prime rate would be substantially below its present level by the end of the year.

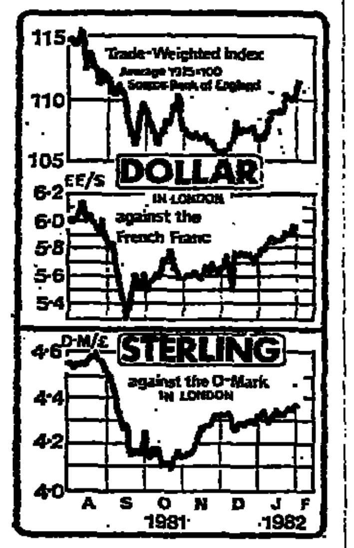
The prime rate moves were expected in the wake of the sharp increase in U.S. money market interest rates on Monday as Wall Street reacted to the persistent and alarming growth of the U.S. money supply.

Banks which joined in yesterday included Morgan Guaranty, Manufacturers Hanover Trust and Chemical Bank in New York, and some large banks in Chicago and California.

Their reaction was, however, slower than expected, and one bank, Chase Manhattan, only raised its prime part of the way, to 16¼ per cent. This suggested that the U.S. banking industry still has mixed feelings about the severity of the money supply crisis, which many people say is caused by technical rather than fundamental factors, and could ease before long.

However, much as the banks may have wished to hold off pushing up their prime rates for the first time in seven months, the sharp rise in their funding costs and uncertainty about the outlook forced them to act.

Mr Regan said yesterday that he believed the jump in prime rates was "a temporary phenomenon and should wash out in the next four to six weeks." He attributed it to the "unusual"



growth in the money supply over the past three months which the Federal Reserve had not been able to explain. He said money supply growth tends to raise the cost of money because of its effect on the expectations in the money markets, and that the higher cost of money to banks had made an increase in base rates "inevitable."

He insisted that high budget deficits were not the cause of the present high interest rates and that they did not threaten to increase interest rates in the future. He said that the Reagan economic programme would create about $250bn (£134bn) extra savings by 1984 and that this would be enough to finance the demands for credit of both the Federal Government and industry. "Economic growth is the only responsible way to reduce budget deficits," he said.

Mr Regan's comments came towards the end of a day of confused and volatile trading on the European foreign exchanges. The dollar finished little changed compared with the high levels of Monday.

The main currency to gain was sterling, which closed in London 0.20 cents higher on the day at $1.8635 and forged further ahead against the D-Mark and other Continental currencies.

Three month Eurodollar rates in London closed at 15½ per cent, up from 15⅛ per cent on Monday but below the peak of 16½ at the morning opening.

The dollar reacted to the early surge in Eurodollar rates by climbing as high as DM 2.3690 at one point, 6 pfennigs above its opening point for the week, but declined to DM 2.35 by the London close, unchanged from Monday.

£ in New York

—	Feb. 1	previous
Spot	$1.8560-8580	$1.8710-8740
1 month	0.16-0.21 pm	0.05 dis-par
3 months	0.62-0.67 pm	0.08-0.13 pm
12 months	2.25-2.50 pm	0.90-1.00 pm

Howell may ease importing of cars

BY JOHN GRIFFITHS

THE GOVERNMENT plans to make it technically easier, mainly for independent dealers, to import new cars from the Continent. There, pre-tax prices are about 30 per cent lower than in the UK.

The key element in the action, planned by the Transport Department, is to require manufacturers to provide on demand to all buyers the type-approval certificate. This shows that a car conforms to UK technical and safety legislation.

The inability of would-be dealers to obtain such certificates from makers has been the main regulatory barrier to their importing cheap cars.

This has been an important factor in the growth of personal imports. A type-approval certificate is not necessary if a buyer travels to the Continent and drives his purchase back to the embarkation port.

Mr David Howell, the Transport Secretary, said yesterday there would be no change in the rules on personal imports. There had been wide spread fears that under pressure from UK car-makers a requirement would be imposed that a personal import would have to be used by the owner for six months on the Continent before it could be brought into the UK.

Mr Howell said the type-approval plan was aimed at making it "more convenient for purchasers (in Britain) to register individually-imported cars in the normal way—that is, showing compliance with type approval—leaving the personal import exemption to people genuinely making a change of residence, for whom it was provided."

The plan is likely to get a frosty response from manufacturers. The Society of Motor Manufacturers and Traders has warned that any major erosion of the UK price structure could have serious effects on the UK industry which faces higher manufacturing costs than its Continental counterparts.

Even when the change is introduced—the Department wants it to be effective this year—the practical effect may prove limited. Although manufacturers cannot refuse to supply cars they have been making it as difficult as possible for such imports to be made.

Nordic current account deficit may total £3bn

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE NORDIC countries' combined current account deficit will increase substantially this year to about $5.8bn (£3bn), roughly 2 per cent of the area's gross domestic product. Denmark, Finland, Iceland, Norway and Sweden, therefore, are likely to continue to be happy hunting grounds for international bankers with money to lend. Last year's deficit is estimated at about $3.5bn (£1.8bn).

The current account estimate comes from Nordic Economic Outlook, the half yearly forecast published by the Nordic federations of industries.

The deficits predicted for Sweden and Denmark are particularly large—$3.2bn and $2bn respectively—while even oil-rich Norway is scheduled to show a deficit after two years of substantial surplus.

Altogether, the area is expected to account for some 20 per cent of the total OECD deficit, if the federations have their figures right. Last year, the appreciation in the value of the U.S. dollar and unexpectedly low imports produced lower current deficits than those predicted by the federations. They point out that since the mid-1970s industrial output in the Nordic countries has grown at a substantially slower rate than the OECD average.

The federations foresee only a modest recovery this year, at a rate slightly higher than the Western Europe average. Gross domestic product is estimated to grow by 0.8 per cent in the area; Denmark leading with a 2.5 per cent and Norway at the rear with a 1 per cent decline.

The number of people without jobs is estimated to rise, at least until the autumn, but the rate will continue to be lower than elsewhere in Europe.

Inflation rates, on the other hand, are expected to continue at a slightly higher level than in Western Europe, although the federations believe the growth in prices will taper off during the year. The average rate for 1981, excluding Iceland which suffers from chronic inflation, was just above 12 per cent.

A decline in industrial competitiveness is an important issue in Norway, while Finland's comparatively good economic prospects are also shadowed by fear of a further deterioration in industry's relative costs.

Devaluations have improved competitivity in Denmark and Sweden but the Swedish federation does not believe that its exporters can increase their market shares this year.

Crackdown on Red Brigades intensified

By Rupert Cornwell in Rome

THE ITALIAN authorities yesterday stepped up their offensive against the heavily hit Red Brigades as General James Dozier recounted to the world the "terrible boredom" of being held their prisoner.

Rome magistrates issued warrants against 180 suspected activists and sympathisers of various left-wing groups throughout the country, while police in the capital arrested a further six people to add to the scores taken in since the senior Nato officer was freed in Padua last Thursday morning.

According to police, some of the five terrorists caught red-handed in a Padua apartment are collaborating and helping them unravel many of the mysteries of recent Italian terrorism.

Antonio Savasta, leader of the group which held the General, is reported to have admitted involvement in 17 major Red Brigades attacks.

Sig Virginio Rognoni, the Interior Minister, also told Parliament that one captured Red Brigades member had disclosed the location of the prison where Sig Aldo Moro, the former Prime Minister, was held during his 55 days of captivity before his assassination in 1978—a flat in Via Laurentina on the southern outskirts of Rome.

General Dozier was emotionally received yesterday by President Sandro Pertini, and Sig Giovanni Spadolini, the Prime Minister. Earlier, he told a Press conference in Vicenza that although he had been well treated and fed during his 42 days as a hostage, the routine was "terribly boring."

He described his captors as "smart." If there were a league table of crime, "they would be up at the top," he said. His relations with the terrorists were "businesslike," but interrogations referred to in communiqués released by the Red Brigades were a collage of largely invented material, he added.

He did not refer to Nato, nor to the Italian or U.S. Governments. He did, however, admit to embarrassment at the ease with which he was seized on December 17. He had been told of the risks facing a Nato officer, and the need for precautions. "But I was very busy with my work and didn't take the warnings seriously."

The rift dividing Paris and agriculture unions widens, writes Terry Dodsworth

Eggs fly as French farmers' revolt hots up

OUTRAGED FRENCH farmers have been staging almost daily demonstrations for the past eight weeks. Sparked at the outset by anger over the level of government subsidies, the countrywide protests have switched in the last fortnight towards the issue of the EEC's annual farm price fixing.

In its organisation the protest movement has a highly political flavour. But on the ground it is characterised by the now familiar rollicking style of French rural discontent.

Roads have been strewn with burning tyres, surplus potatoes and heaps of dung. Eggs, corncobs and thunderflashes—meant for scaring crows—have been thrown at police. Teargas has been lobbed back in return. Towns have been invaded by tractor columns, trees torn up.

As the temperature rose, the prefectures occupied and tax offices bricked up with quick-drying cement.

"wine war" broke out again over Italian imports, with the growers of Languedoc complaining of dumping. Flushed with the success of their sabotage campaign last summer, but feeling forgotten since, the vignerons went back to setting up roadblocks ("to back up the customs service") and draining tanker-loads of Sicilian wine.

Preferring a Community quarrel to a domestic revolt, the authorities have agreed to block Italian shipments again—a temporary measure in exchange for a temporary truce.

Not far from the battlefields of the wine regions, another recurrent conflict—the "salad war"—is also going strong.

Complaining that Spanish exports are undercutting their markets in West Germany and Switzerland and causing prices on the Perpignan wholesale markets to tumble, French producers have terrorised Spanish lorry drivers, overturned wagon-loads of vegetables and ripped up a good half-mile of railway track. The discretion shown by the French police is not greatly appreciated the other side of the border.

Such is the tumultuous background to a "summit" meeting yesterday between President Francois Mitterrand and M Francois Guillaume, head of the National Federation of Farmers' Unions (FNSEA). M Guillaume has emerged as one of the Socialist administration's most formidable opponents.

The Government is in a predicament: under pressure in Brussels, where it still hopes to win a double-figure price increase for farm produce, but not the 16 per cent the farmers are demanding, at the same time it is in trouble with both of France's southern neighbours.

Discontent, not always clearly defined, has gained a hold throughout the farming regions, even in the south where the people voted overwhelmingly for M Mitterrand.

"Socialist or not," one of the wine-growers' leaders said, "a Government's still the Government."

Farmers' real income has been declining for the past eight years. The relatively high rise in their costs, measured against annual EEC price adjustments below the French inflation level, produces what is known as a "scissors effect."

Last year was no exception, in spite of confirmation of a greatly improved performance in farm trade—which produced a surplus of about FFr 21bn (£1.9bn). Average income, leaving aside government handouts meant to compensate for the previous year's losses, is officially reckoned to have fallen by between 6 and 7 per cent in real terms.

Most farmers—but by no means all—live at levels not far removed from the national minimum wage.

The FNSEA, eager to remind M Mitterrand that a year ago he himself was criticising the Government for accepting too modest a price increase, wants to stop the current makeshift system of backdated compensation. It is demanding not only a big boost for produce prices, but also a commitment from the Government to limit the rise in production costs.

Although the subsidies announced in December, totalling FFr 5.6bn (£503m), were well up on the previous year's, they angered the FNSEA on several counts. For example, the big farmers were given proportionately less, with the direct cash handouts—over a quarter of the total—reserved for low-income groups.

A small farmer with 15 cows stands to get about £225 under this scheme. This is not the kind of aid the FNSEA says, which is about to transform the agricultural face of France.

Another objection was that the funds were being drawn from the accumulated profits of Crédit Agricole, the giant state-directed co-operative farmers' bank. "Other people's money," growled the FNSEA. M Jacques Chirac, leader of the neo-Gaullist RPR opposition party and the most popular of France's recent Agriculture Ministers, accused the Government of "embezzling funds for the profit of the state budget."

The federation also balked at having to share the negotiating table for the first time with other union organisations. Finally, it reckoned the farmers deserved about 75 per cent more than they got.

The FNSEA, which claims 700,000 members—as many as the French Communist Party—spreads powerful tentacles through the young farmers' association (the CNJA), local chambers of agriculture and co-operatives. There is little sympathy for the Government among its leaders, and Mme Edith Cresson, the Agriculture Minister, is the target of fiercely personal attacks.

Under the previous Government, the FNSEA was given a semi-official role of co-managing the farm sector. The Socialists resent this role and the FNSEA resents losing it.

M Guillaume's predecessor, M Michel Debatisse, a veteran militant, was given a ministerial job by President Giscard d'Estaing. M Guillaume, in contrast, is considered more of a follower of M Jacques Chirac, the leader of the Gaullist RPR.

Stepping up pressure over the EEC price talks two weeks ago, M Guillaume made clear that the demonstrations were not aimed "to back up a minister but to make the Government understand our determination." He warned that if a conflict erupted "the French Government will have to take its responsibility for what happens." Unconvincingly, he adds that the federation has been trying to avoid incidents.

In a conflict which has become thoroughly imbued with party politics, farmers' lurking suspicions that the Socialist Party is fundamentally more industry-minded than farm-minded have come to the surface. Even in Prime Minister Pierre Mauroy's own northern region, the farmers complain that the Government no longer understands them.

This failure to win the farmers' hearts has led Mme Cresson to change her top staff at the ministry. But she has a long way to go before regaining their confidence.

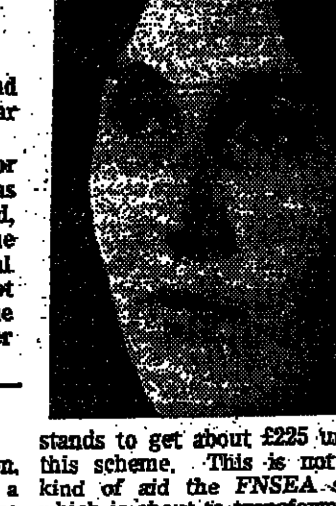
The general outcry over what the farmers see as the inadequacy of the proposed 9 per cent EEC price rise is likely to keep the demonstrations going at least until late March, the deadline for a settlement. Between now and then, the Government faces elections for seats in departmental assemblies. The temptation to resort to "national" measures will be strong. France's EEC partners know this, and so do the farmers.

CRESSON BEATS HASTY RETREAT

THE FRENCH Minister of Agriculture, Mme Edith Cresson (right), had to be rescued by helicopter from a cider orchard when a farm she was visiting was literally besieged by demonstrators yesterday, writes David White.

Mme Cresson was prevented from getting back to her car after agreeing to a "dialogue" with the crowd that had assembled at the farm, near Caen in Normandy.

The local Prefect sent for help and Mme Cresson was escorted out of the farmyard, only to be followed by the demonstrators, several hundred strong. Finally, riot police charged through the apple trees and the minister was whisked to safety.



Iran critical of hostages tribunal in The Hague

BY CHARLES BATCHELOR IN AMSTERDAM

THE SPECIAL tribunal set up to hear claims arising from the occupation of the U.S. embassy in Iran has run into difficulties. Iran has questioned the impartiality of one of the Swedish judges, according to sources close to the tribunal.

The Iranians alleged yesterday that Mr Niels Mangard, one of the three neutral judges on the tribunal, had made derogatory references about Iran. Mr Mangard said his words had been misunderstood. The Iranians claimed that Mr Mangard had referred to the execution of judges in Iran, but Mr Mangard replied that he had been talking about the execution of judgments.

Mr Hendrik Heuzeveldt, registrar of the tribunal, declined to comment on the claim that the dispute was threatening the hearings. Preparatory sessions had been held last week and were expected to resume later this month according to schedule, he said.

The tribunal is currently sifting through several thousand claims filed by both the U.S. and Iran, although it is not yet clear precisely how many claims have come in. The final date for registering a claim was January 19.

Progress so far has been slow, and the tribunal still has to settle a number of important procedural issues. These include whether all claims can be met from the special $1bn (£540m) account established at the Dutch Central Bank—to which interest on the account should be credited—who pays the central bank's fee and who indemnifies the bank for any claims arising from its handling of the account.

The tribunal must also decide the precise application of rules of the UN Commission on International Trade Law (Uncitral). It is likely, however, that the hearings will be held in camera.

One problem is that the tribunal is currently "camping" in the Peace Palace in The Hague, home of the International Court, until it moves into its own offices, possibly within the next month.

The special tribunal was set up under an agreement reached in Algiers which provided for the release of the 52 American hostages held in the Tehran Embassy until just over a year ago. It will handle claims from individuals and companies for compensation for unpaid deliveries, broken contracts and expropriated property.

Nine judges—three from the U.S., three from Iran, two Swedes and a Frenchman—have been appointed to hear the claim. They sit in three panels but meet in full session on major issues.

Choice facing Ireland's voters narrows again

BY BRENDAN KEENAN IN DUBLIN

THE CHOICE facing the Irish voter in the snap general election called after the defeat of last week's budget has narrowed again with an Opposition admission that, for administrative reasons, the bulk of the budget would be retained, irrespective of who won the election.

Mr Charles Haughey said that a range of taxes would have to go ahead to avoid chaos. There would not be time to make substantial changes this year.

Controversial items such as the I£15m (£12.5m) levy on the banks, the 45 per cent capital gains tax on the sale of development land, and the increase in corporation tax for non-manufacturers from 45 to 50 per cent will all go ahead.

The budget also abolished tax relief on personal loans and business entertainment and restricted relief on new mortgages to the 35 per cent tax band. Mr Haughey would say only that he would review mortgage relief, but he promised to give single people the same as married couples.

The only changes the Opposition has promised are abolition of the proposed 18 per cent VAT on clothing and footwear and the retention of existing food subsidies. Mr Haughey also said his party would not tax short-term social welfare benefits.

These developments have made the election race look much closer than it did on the night Dr FitzGerald's Government fell. All parties are set against recourse to further borrowing, which leaves them little room for electoral manoeuvre.

Martens clears final hurdle

By Larry Klinger in Brussels

BELGIUM'S six-week-old centre-right Government yesterday won an important political victory when the Senate ratified special parliamentary powers to tackle the country's economic problems. It is now bracing itself for its first important test at grass-roots level.

The Socialist-led unions have called a 24-hour general strike for Monday, and the measure of support for it should indicate the extent of opposition to the Government's programme.

Mr Wilfried Martens, the Prime Minister, is expected to announce the first set of "decrees" this week. These are likely to include special tax or interest-rate concessions for the building industry and for the creation of new jobs

The Government is almost certain to delay bringing in its more politically sensitive measures, such as wage curbs and social security cutbacks, until after consultation with the unions. Much to union fury, however, Mr Martens has said that those talks would be brief and could not be made into an "alibi" for government inaction.

Communist party seeks to rally its shattered ranks

BY OUR PARIS STAFF

A DISPIRITED and divided French Communist Party will be seeking to rebuild morale at its 24th congress which starts today. It will be marked less by the success of the Left than by the collapse of the Communists' support in last year's elections.

Support almost certainly has been further damaged by the party's support for martial law in Poland. Coming after its endorsement of Soviet policy in Afghanistan, this confirmed the re-alignment with Moscow that had begun at the time of the last congress three years ago.

The congress has to elect the 145 members of the central committee, the ruling body which in turn chooses the political bureau and the top seven-man secretariat.

M Georges Marchais, leader for the past 10 years, is seeking re-election and there is little doubt about him getting it. But his authority has been weakened by the election setback, and observers will be looking for signs of a possible leadership change after the municipal elections next year.

The secretariat post vacated by M Charles Fiterman, unofficially the former deputy leader, and now Minister of Transport, is due to be filled.

Among foreign observers invited to attend are Mr Constantin Chernenko, a member of the Soviet politburo, Mr Jozef Czyrek, the Polish Foreign Minister, and representatives of the Afghan Communist Party.

Overshadowing the congress will be the Poland controversy, the French party's parting-of-ways with the Italian and Spanish Communists, and a recent series of expulsions—including two former central committee members—and sackings from the declining party newspaper, L'Humanité.

Party leaders will have to paper over as best they can the contradiction between recent international stances and the aim of "Socialism in French colours," as well as the divisions between the party and the Socialist-Communist government team. The question of the Communists' participation in the Government is not expected to be discussed openly.

Although the congress was preceded by a surprisingly open "discussion tribune" in L'Humanité's columns, the choice of delegates eliminated almost all dissident figures. The party, the second communist party in the West with 710,000 members, has evidently opted to let its critical "liberals" go.

The leadership has come into conflict, too, with the old guard, loyal to the former leaders on whom M Marchais has cast the blame for the party's "historical lag." It is significant that the only open right call for his removal in the pages of L'Humanité came from a member of the traditionally strongly pro-Soviet minority.

Poles and Czechs turn to E. Berlin for help

BY LESLIE COLITT IN BERLIN

POLAND and Czechoslovakia are trying to persuade East Germany to help them with their severe economic problems.

Mr Zigniew Madej, Poland's Planning chief, is engaged in tough negotiations in East Berlin to obtain chemicals and industrial products which the Poles cannot pay for this year with coal deliveries. Moscow is urging East Germany to give Warsaw what amounts to a credit of more than 1bn Marks (£228m) this year in the form of deliveries of vital semi-manufactures which Poland cannot repay for several years.

At the same time, economically hard-pressed Czechoslovakia has despatched Mr Milos Jakes, a Politburo member, to East Berlin. His task is to co-ordinate economic strategy in the wake of Poland's inability to deliver coal and the 10 per cent cut in Soviet oil deliveries.

Mr Erich Honecker and Mr Gustav Husak, the two countries' leaders, agreed in December to intensify economic co-operation in order to soften the effects of those two setbacks. However, Czechoslovakia is suffering even more seriously than East Germany from the economic crisis in both Eastern and Western Europe and has asked for what amounts to East German aid to complete joint projects.

The Polish planning chief has said Warsaw cannot supply anything near the 1.5m tonnes of hard coal East Germany wants, because it must first satisfy Western customers. East Germany is trying to obtain as much coal as possible in return for semi-finished metal products needed by Polish industry. Now that Western credits have dried up, Poland is increasingly dependent on the East Germans for help.

A basic problem is that there is a total lack of trust between Warsaw and East Berlin. The East Germans are trying to obtain commitments from the Polish planning commission which it cannot make if the economic reform promised by the military régime in Warsaw is to be introduced.

The reorganised commission is expected merely to set out strategic economic goals, but to have no influence on fulfilling annual plans. The East Germans are aware of this and are trying to obtain a commitment from the Poles based on the traditional supremacy of the central planning authority in orthodox Communist countries.

Wroclaw workers heed union's protest call

BY CHRISTOPHER BOBINSKI IN WARSAW

WORKERS in some factories in the south western Polish city of Wroclaw last week heeded a call by underground Solidarity activists to protest against the drastic food price increases that came into effect on February 1, according to reports reaching Warsaw yesterday.

This news coincided with the public admission by the commander of Warsaw's uniformed police that opponents of Poland's military government had regrouped and were operating underground. "The enemy has not surrendered. He still makes himself felt," Major-General Jerzy Cwek said in an interview with the Soviet weekly, Literaturnaya Gazeta.

The "go-slow" protests in Wroclaw appear to show that resistance to martial law is more widespread than the official reports of last Saturday's more violent protests in the northern city of Gdansk would alone indicate.

The workers in Wroclaw were asked to protest against the nationwide price increases with a half-hour "open demonstration of passive resistance" at midday last Friday.

According to the reports, leaflets publicising the protest were thrown from the top of the Fenik's department store in the city on the previous day, and police units drove around the city on Friday.

At a machine tool works, reports say, workers merely pretended to work and energy consumption fell visibly for the half-hour. At the Dolmel plant, some departments stopped work, as did 70 per cent of workers at a local gasworks.

However, at the Elwro works only 20 per cent took part in the protest — mainly technical staff — while reports say that the industrial departments "did not dare join in." But the workers at Elwro staged a minute's silence on January 13.

China trade, Page 4

Bonn tries to draw Greece closer

By James Buchan in Bonn

GREECE'S new Socialist Government was yesterday urged to play a fuller role in the Western Alliance and the EEC by Herr Helmut Schmidt, the West German Chancellor.

West German officials expressed concern at the Greek Government's lack of enthusiasm for Western standpoints when they held talks with Mr Andreas Papandreou, Greece's Prime Minister.

Mr Papandreou, making his first major European trip since the election last autumn, is said to have assured the Chancellor that Greece would remain an ally and partner, but to have emphasised that his country's over-riding concern remained relations with Turkey.

Since taking power, the Greek Government has irritated its Western European partners by taking a line independent of the EEC over the Middle East and expressing reservations in last month's Nato formulation over Poland.

Greece has made its continued membership of Nato contingent on a guarantee by the alliance for its eastern border with Turkey.

While recognising Greece's difficulties, Bonn feels strongly that neither the alliance nor the Community can afford members to demand special treatment.

There seems little likelihood of an increase in West German military aid to Greece, both for budgetary reasons and because Bonn has no desire to see an alteration in the balance of power in the Aegean.

Instead, Bonn is seeking to use its influence with both parties towards a reduction of tension in the Aegean and over Cyprus.

But uncertainty remains over Mr Papandreou's position on questions like the re-integration of Greece in the Nato military structure.

More French jobless

French seasonally adjusted unemployment rose a provisional 0.9 per cent to 1,919,000 in January, from the revised 1,902,000 in December.

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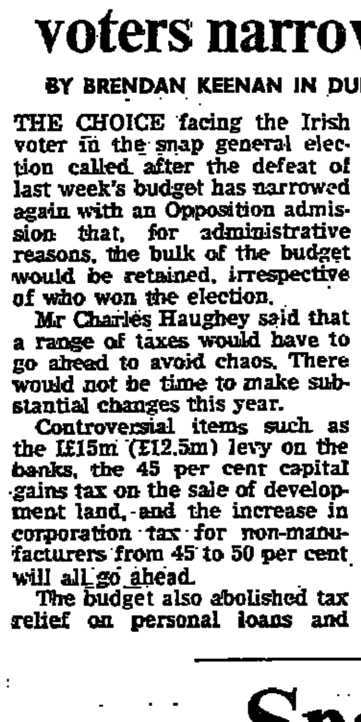
Speculation increases about early Spanish elections

BY ROBERT GRAHAM, IN MADRID



Sr Calvo Sotelo: forced into alliances

IN THE hothouse atmosphere of Spanish politics, constant denials have an unfortunate tendency to confirm what is being denied. Just this is happening now to repeated government denials of early elections. They have convinced no one, and indeed have roused speculation about elections in either late spring of the autumn.

There is little doubt that Sr Leopoldo Calvo Sotelo, the Prime Ministry, is sincere in his desire to see the present parliament run its proper course through to 1983.

However, the precarious state of the ruling Union de Centro Democratico (UCD) and its wilting public image are working against him.

Talk of early elections has been fuelled by last week's defection of three UCD members of parliament to the right-wing grouping, Coalicion Democratica (CD).

The defectors, who presented a vociferous Conservative Chris-

The defectors, who represented a vociferous Conservative Christian Democrat element within the party, included Sr Miguel Herrero de Minon, the former UCD parliamentary spokesman, and Sr Ricardo de la Cierva, a former Culture Minister.

Their defection follows the effective abandonment of UCD by most of its Social Democratic deputies.

Last December Sr Francisco Fernandez Ordonez, a former Justice and Finance Minister, announced that he would form a separate Social Democrat party outside UCD. This party is now being constituted and has the support of nine UCD deputies.

These two moves, combined with minor quixotic defections, have drastically reduced UCD's parliamentary power.

At the March 1979 general elections, UCD obtained 168 of the 350 seats in parliament. This has now been cut to 151, forcing Sr Calvo Sotelo into complex and potentially unstable alliances for legislation.

The Socialist Party, which has 118 seats and is the largest single opposition grouping, has repeatedly offered UCD a form of parliamentary pact. But Sr Calvo Sotelo has rejected this, realising that such a pact would provide political respectability for the Socialists at the expense of alienating UCD voters.

Sr Calvo Sotelo also knows that the Socialists are not the least bit interested in early elections and therefore will not initiate a government crisis in parliament.

Sr Calvo Sotelo's most likely allies in parliament are those which the UCD has always relied upon—CD, headed by Sr Manuel Fraga and the two main conservative nationalist parties, the Basques and Catalans. However, they are now expected to demand much more than hitherto for their support.

Alternatively, Sr Calvo Sotelo could opt to avoid alliances and limit his legislative programme to make it as uncontroversial as possible.

If he decides instead to go for political horse-trading, Sr Calvo Sotelo risks putting enormous strains on his party. The main bargains would have to be struck with Sr Fraga and his CD party, which now has 13 deputies. Sr Fraga has made a remarkable political comeback and is being increasingly vindicated in his contention that Spain's first two democratic elections unnaturally neutralised the Right—or rather that the centre option in politics propounded by Sr Adolfo Suarez, the former Prime Minister, was a phenomenon permitted by consensus during the transition from dictatorship, and that such a consensus is now evaporating.

Political analysts argue that the next test of electoral opinion, the Andalucian parliamentary elections in May, will show a shift away from UCD to Sr Fraga—thus increasing UCD's need to come to terms with him.

Yet an open alliance with CD would kill UCD's image as a reformist party of the Centre and provoke further divisions.

Sr Calvo Sotelo, therefore, faces the uncomfortable dilemma of heading a weak Government which does not risk controversial legislation, or of resorting to alliances which will further split his party.

Not surprisingly, a good many within the Cabinet are arguing for early elections as the sole solution. Significantly, the business and banking community has already begun to make calculations on this basis.

However, a snap election in the near future is ruled out, because the court martial of the military involved in the abortive February 1981 coup will probably start on February 19 and last two months. During that time anything which might destabilise the country would have to be avoided.

Within UCD, some have suggested holding general elections to coincide with the elections to the Andalucian parliament in May.

But political advice is now centring more on letting Spaniards (and the Government) digest the excitement and distraction of the World Cup football in June and July, enjoy the calm of the summer and make an announcement in September.

Malaysian threat to Khmer Rouge

By Wong Sulong in Kuala Lumpur

MALAYSIA has threatened to withdraw recognition and support at the United Nations for the Khmer Rouge following its refusal to agree to a planned Kampuchea Government-in-exile with other anti-Vietnamese groups.

Dr Mahathir Mohamed, the Prime Minister, told a meeting of the Association of Southeast Asian Countries (Asean) in Kuala Lumpur yesterday that because of the "uncompromising attitude" of certain parties in the Kampuchean conflict, it might "no longer be worthwhile" for Malaysia to support the Khmer Rouge seat at the UN.

The Khmer Rouge has rejected the Asean proposal for a Government-in-exile because its proposed Cabinet composition strongly favours the Prince Sihanouk and Son Sann factions. The Khmer Rouge also wants Asean to give equal aid to the three anti-Vietnamese groups.

The Khmer Rouge has retained the Kampuchean seat at the UN for the past three years largely because of Asean diplomatic efforts.

The Asean nations are finding it increasingly difficult to sustain the Khmer Rouge position because of its past atrocities and they are anxious to help set up the Government-in-exile to present a better international image in their diplomatic offensive against Hanoi and the Heng Samrin regime in Phnom Penh.

Although Dr Mahathir spoke only for Malaysia, his threat to withdraw support for the Khmer Rouge is believed to have general Asean support, particularly from Indonesia, whose Foreign Minister, Dr Mokhtar Kusumatmaadja, discussed the Khmer Rouge's rejection with Dr Mahathir last week.

Dr Mahathir also criticised the Soviet Union for its role in Afghanistan, and said Asean was opposed to Vietnam and Russian involvement in Kampuchea and Afghanistan.

Emilia Tagaza adds from Manila: A more lasting peace can be achieved if certain countries accept voluntary restraints over intervening in other countries' right to self-determination, Lord Carrington, the British Foreign Secretary, said yesterday at a ceremony here awarding him an honorary Doctorate of Law.

The Foreign Secretary referred primarily to the Soviet Union, whose invasion of Afghanistan showed a "tendency to annex neighbouring countries," and whose pressures on Poland had made the people conform to a system which they manifestly disliked.

OECD boost for Canberra policy

By Patricia Newby in Canberra

THE endorsement in the Organisation for Economic Co-operation and Development report of the broad thrust of Australia's economic policies will be a boost for Mr John Howard, the Treasurer, who is fighting to hold the Government line against mounting pressure from outside and inside his own party for more expansionary measures.

Mr Howard has been coming under increasing pressure from business for easier monetary and fiscal policies. Business is worried about rising interest rates, exporters are worried about the high exchange rate and taxpayers are worried about fiscal drag.

The Australian Democrats, who hold the balance of power in the Senate, have threatened not to pass some of the Government's fiscal measures unless tax cuts are offered in return. The Senate has equal powers with the House of Representatives, the lower house.

Last week Dr Peter Sheehan from the Melbourne Institute of Applied Economics and Social Research, told a national conference on the outlook in the rural sector that 1982 would be dominated by the destructive clash between tight money and escalating wages.

He suggested that Australia's growth rate of 4 per cent in the year to June, 1981, and projected 3.5 per cent growth to June 1982 could drop to less than 2 per cent next year.

The broad based money supply M3 has been growing at a rate well within the Government's 10 to 11 per cent target for the fiscal year to June 1982.

Botha complains of Namibian 'millstone'

BY J. D. F. JONES IN JOHANNESBURG

NAMIBIA IS "an economic millstone" around the neck of South Africa, the Prime Minister, Mr P. W. Botha, told Parliament here yesterday. He said that last year South African assistance to the territory had totalled more than R600m (£330m) on top of the cost of defence and security.

Mr Botha added that progress had been made in the search for an international agreement about the future of Namibia but that the absence of United Nations impartiality was still one of the most difficult obstacles.

The UN Secretary-General would have to demonstrate his impartiality over a reasonable period of time before South Africa would be convinced that his organisation's bias in favour of Swapo (the South West African People's Organisation) had been corrected.

The Prime Minister warned that any estrangement between South West Africa and South Africa would mean that the territory would suffer immensely. A South African departure would leave an economic vacuum which would have to be filled, and so far no country had offered assistance on the scale presently being given by the republic.

At the opening of the debate, the Opposition leader, Dr F. van Zyl Slabbert, had challenged Mr Botha to clarify whether or not he was in favour of reform. In his two-hour speech yesterday the Prime Minister said: "I am not in favour of overnight change because then one merely makes a rash substitution for things that have built up over many years. I am in favour of renewal and development."

He added that no change could be brought about in South Africa without the approval of Parliament and of the voters—and the opposition parties had been rejected by those voters.

Mr Botha, in his reply to the traditional censure motion that opens the new Parliamentary session, suggested that there should be a special debate on the reports of the Steyn Commission on the Mass Media and the Rabie Commission on Security Legislation.

The latter is to be published today while the Steyn Commission report, which was tabled on Monday, has already aroused considerable national controversy, particularly for its recommendation that journalists should be compelled to enrol in a statutory professional body.

The Prime Minister has said that, while he is considering legislation, he wishes to have urgent consultations with interested parties.

As might have been expected, the reaction of the English-language Press and also the Parliamentary Opposition has been bitterly hostile, with the front pages devoted to long denunciations of the Steyn Commission proposals.

The Afrikaans Press is in a more delicate position, since it is normally reluctant to be seen to stand with the "liberal" English newspapers, but several of the most influential Transvaal Afrikaans papers yesterday spoke out strongly against the proposal for a statutory and disciplinary body.

Meanwhile, in Parliament the Prime Minister said that the findings of the Steyn Commission had provided irrefutable proof of his warnings of a "total onslaught" against South Africa under the direction of the Soviet Union.

Mr Botha . . . warning

South Africa involved in destabilisation, says Mugabe

BY OUR SALISBURY CORRESPONDENT

THREE SOUTHERN African states—Angola, Zimbabwe and Zambia — have complained about South African attempts to destabilise the subcontinent. An interim report, prepared for the African, Caribbean, Pacific-European Economic Community assembly meeting being held in Salisbury this week, lists the complaints.

In the section on Zimbabwe, the report cites a number of incidents within the armed forces which Mr Robert Mugabe, the Prime Minister of Zimbabwe, represented as "a systematic policy of destabilisation."

These included a major arms theft from Salisbury's Cranborne Barracks, the blowing up of two armoured cars, the Inkomo barracks explosion last year, when ammunition and equipment worth $60m was destroyed and the detention of a number of individuals "with South African links" said to be involved with plots.

Mr Mugabe had also told the report's fact-finding committee that South Africa was training a secret army of between 5,000 and 6,000 mercenaries, many of them former members of the Rhodesian security forces or supporters of Bishop Muzorewa. There had been an attempt to overthrow his Government by the Rhodesian Front, while sections of the white community in Matabeleland (western Zimbabwe) had been trying to "press the local black population into a secession movement."

He also accused South Africa of economic destabilisation, including the termination next month of the preferential trade agreement which would cause a loss of trade estimated at $100,000. (An industry study puts the possible loss at $40m.)

The fact-finding report also raises the issue of South Africa's repatriation of an estimated 60,000 migrant workers.

The African states are hopeful that the consultative assembly will today adopt the report and pass a resolution critical of South Africa. This follows Mr Mugabe's appeal on Monday to the West to take a tougher line because of South Africa's reluctance to implement the UN resolutions on Namibia.

The timing of the criticism of South Africa by Zimbabwe could have unfortunate repercussions. There have been intensified problems in the provision of fuel supplies to Zimbabwe (including the new delay in the reopening of the oil pipeline from Beira to Umtali because of a dispute between the Zimbabwe and Mozambique Governments over the pipeline tariff) which has meant that South Africa has once again been supplying petrol to Zimbabwe.

Reuter adds from Salisbury: Two members of a white Zimbabwean farming family have been detained, accused of concealing weapons, the national news agency Ziana reported yesterday. Quoting an unidentified close friend of the family, it said Boetie and Allan York had been arrested last Thursday following the alleged discovery of buried arms on their farm at Figtree in southern Zimbabwe. Police declined to comment on the report.

Thirteen other whites, including Mr Wally Stuttaford, MP, have been detained since November following allegations by Mr Mugabe that subversive elements were plotting a coup.

Mr Mugabe . . . accusation

Israel plans new settlements in occupied zones

BY DAVID LENNON IN TEL AVIV

ISRAEL plans to build 20 new Jewish settlements on the occupied West Bank and Golan Heights in the coming months. Most will be set up by the army. This is clearly part of a drive to intensify Jewish settlement in the occupied territories while relinquishing Sinai.

Yesterday the army turned out in force to remove settlers in Sinai who had been preventing civilian workers from dismantling the main water pipeline to the settlements Israel is to evacuate before final withdrawal from the area in April.

The settlers, members of "the movement to stop the withdrawal from Sinai," sat down in front of tractors and other equipment to halt the work. Israeli troops cordoned off the area and removed the settlers, who vowed to continue disrupting the work of dismantling the settlements and their infrastructure.

Mr Ariel Sharon, the Defence Minister, who in the past Government was in charge of settlements in the occupied territories, has instructed the army to establish 16 new outposts on the West Bank and Golan as soon as possible.

Work on these is due to start immediately and should be completed by the end of March. They will at first be occupied by soldiers and will not have any land, but are later expected to be converted into civilian settlements with some land.

The advantage of these paramilitary settlements for Israel is that they can be established quickly on relatively small areas of land, thus further tightening the country's grip on the West Bank at relatively low cost.

Fourteen of the new outposts will be built on the West Bank, where the 700,000 Palestinian residents are keeping independence. The other two will be established near the Syrian border on the Golan Heights, which Israel annexed in December.

Another four civilian settlements are also planned for the occupied territories. The joint Jewish Agency - Government Committee on Settlement is expected next week to approve the construction of these new villages.

Three of them will be on the West Bank near the Jordan River in an area which Palestinian guerrillas have infiltrated, planting landmines over the weekend. The fourth new civilian settlement will be on the Golan for Israeli settlers being evacuated from Sinai.

France 'supports Saudi peace plan'

FRENCH Defence Minister Charles Hernu was quoted yesterday as saying France supported a Saudi Middle East peace plan because it believed the Camp David accords between Egypt and Israel had reached a dead end, Reuter reports from Bahrain.

M Hernu, who left Saudi Arabia yesterday after a three-day visit, told the Saudi newspaper Al-Yoam that the plan, which implies recognition of Israel by the Arab nations and calls for an independent Palestinian state, could be the prelude to a settlement.

CHINA'S ECONOMIC TROUBLES

Price rises pose a problem for Peking

BY COLINA MACDOUGALL, RECENTLY IN PEKING

PEKING OFFICIALS are worriedly asking themselves whether reductions in the prices of stretch socks or washing machines compensate for rises in the prices of food and furniture.

Deng Xiao Ping, China's strong man, and his men have embarked cautiously on a programme of price juggling in an attempt to soothe nationwide anxiety at rising prices. Subsidies, Peking's earlier answer to rising prices, cannot be increased. Last year they consumed about 30 per cent of budgeted expenditure—$19bn (£10bn) out of $67bn.

Last month, the leadership announced a second national price adjustment, a reduction in prices of Chinese made watches, television sets, transistor radios and polyester fabrics. The earlier one, last November, slashed prices of polyester cotton, but slapped a 40 per cent increase on the price of alcohol and cigarettes.

"Not everyone has to drink or smoke," said a Chinese official, "but everyone has to have clothes."

Along with the latest price changes came a state council (cabinet) circular confirming all existing government fixed prices and forbidding unauthorised businesses.

The recent commercial scene has been enlivened by factories, government offices and even army units launching into illicit trade as a profitable sideline on the free market.

The price adjustments are likely to be one more controversial element in Deng's economic reform programme.

For several years, he and his supporters have encouraged free markets and economic autonomy along with their plans for cautious modernisation.

But so far, although they have begun to lay the foundations for a healthier economy, all they have achieved is to restrain economic growth. "We are no better off," complained one deputy to last December's National People's Congress (NPC), China's rubber stamp parliament.

Other economic measures yet to take full effect may help. One will be the implementation of a new law on economic contracts, approved at the NPC, which should rationalise relations between enterprises in China. Until now, a factory had no comeback against a supplier who did not deliver and the economy was continuously disrupted by such bottlenecks. The other will be the inspection ordered by the state council of all state factory finances, which is under way at present.

Deng Xiaoping . . . strong man

The increasing number of price changes is bound to be unsettling after years of stable prices. The leadership had to move swiftly to control 1980's inflation rate of more than 6 per cent, because it was rousing public disquiet. China was buzzing with alarmist rumours about more price rises towards the end of last year.

In mid-November, shoppers began panic-buying grain in the expectation that prices would rise and that it would cease to be rationed. The Ministry of Food had to confirm that it was China's established policy to sell grain at low prices on ration. At the NPC last month, deputies from all over China told the leaders that "the masses are complaining," about rising prices.

It was then that the price problem for Peking's financial wizards came to a head. Although the budget deficit had shrunk from $10bn in 1979 to $1.5bn in 1981, this was at the cost of drastic cuts in heavy industry. Officials realised at the end of last year that these industries were essential, as they provided raw materials for the recently imported consumer industries as well as revenue for the state.

Subsidies, which now cover 28 items—mostly foods and other basic necessities—had grown from $4.6bn in 1979 to $19bn in 1981. In one province—Jilin—they took up nearly half the budget.

Subsidies have always existed in China, but they really began to blossom in 1978 when the new post-Mao leadership raised the prices paid to peasants for farm produce to encourage food production and subsidised food for the townspeople. At the same time, it handed out hefty wage rises and created millions of jobs to solve alarming unemployment. All these costs are apparently included in subsidies.

Peking's price system has been distorting the economy for many years. It was mainly devised in the 1950s, at a time of plentiful energy and raw materials which are now scarce, and has been unsettled by the subsidy policies of recent years. The present leadership has not been good at foreseeing the results of its economic decisions. A price reform is likely to be one of the most complex and traumatic of any reform that Deng has in mind to achieve.

$2bn Arctic gas plan inquiry opens

BY PAUL BETTS IN NEW YORK

A $2bn PROJECT to ship Canada's vast natural gas resources in the Arctic islands to the north American mainland entered a crucial stage yesterday when hte Canadian National Energy Board opened hearings into the ambitious venture.

An official of Petro-Canada, the Government-owned oil company, said the hearings were expected to last about five months. Should the board approve the project, some 317m cubic feet of gas a day are expected to be produced from the Arctic area from 1986. The gas, in liquified form, would then be shipped to mainland Canada all year round.

Because of Canada's abundant supplies of natural gas, surplus gas from Alberta would be exported to the U.S. while the Arctic gas would serve eastern Canada.

Tenneco, the Houston-based energy company, is leading a group of U.S. companies which have already agreed to buy the surplus gas at prevailing Canadian export prices. If the board approves these additional gas exports, the project will be given the go-ahead.

The additional exports to the U.S. companies led by Tenneco, involving some 260m cubic feet of gas a day, will also require U.S. approval. But Petro-Canada said yesterday that European countries had expressed interest in surplus gas.

The project would take four years to complete after approval is granted.

Petro-Canada said the project was expected to cost $1.5bn in 1980 excluding field development and the LNG receiving terminals which would be located along the St Lawrence River in Quebec or on the shores of the strait of Canso in Nova Scotia.

Petro-Canada said gas reserves at the so-called Drake Point Field and other nearby areas in the Arctic islands are put at 5,600bn cubic feet. The project calls for shipping a total of 2,200bn cubic feet over 20 years with daily production of 317m cubic feet a day starting in 1986.

The "Arctic Pilot Project" would also open up the Arctic islands to year-round shipping. Two ice-breaking tankers would make 16 round trips a year.

Petro-Canada, with a 37.5 per cent stake will be manager of the project. The other major partners are Nova, an Alberta corporation, with 35 per cent, Dome Petroleum, with 20 per cent and Melville shipping with 17 per cent.

Environmentalists and Eskimo groups are opposed to the project claiming that the LNG tankers would endanger the animal life of the area.

Mubarak to seek more U.S. arms aid

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT HOSNI MUBARAK of Egypt today starts three days of Washington talks in which he is expected to press for increased U.S. military aid and faster delivery of arms supplies.

It is his first visit to the U.S. since he took over as President last October following the assassination of Mr Anwar Sadat.

In August, Mr Sadat reached tentative agreement in Washington that U.S. aid should be increased. But officials say the Reagan Administration is unlikely to meet Egypt's request for full parity with Israel, which currently receives $1.5bn (£807m) a year in military aid.

Egypt now gets about $1bn in military aid, in addition to some $800m in economic assistance. Officials say Mr Mubarak is expected to settle for $1.3bn, but also wants a guaranteed five-year programme to help his military planning.

The U.S. will also want to ask Mr Mubarak whether his recent request for 59 Soviet technicians implies stronger long-term relations with Moscow. So far, however, Washington has expressed little concern at the move. Officials this week said the Egyptians had indicated that the technicians were needed to operate Soviet-supplied equipment.

Washington will also want to know how Mr Mubarak views developments in Libya, one of the Reagan Administration's prime obsessions, particularly in the light of the recent Libyan decision to reopen the country's border with Egypt.

There is also likely to be a review of the Egyptian-Israeli negotiations on Palestinian autonomy, although the U.S. has made it clear that it sees little prospect for an early breakthrough. Mr Alexander Haig, the Secretary of State, yesterday said that "hard work and intellectual ingenuity" would be required

China decides to boost its trade with Poland

BY TONY WALKER IN PEKING

CHINA will boost its trade with Poland this year, strengthening indications that it wants no part of U.S. efforts to persuade it to join other countries in condemning the Polish military regime.

An agreement to increase trade has been signed in Peking. It followed soon after a visit to the Chinese capital by Mr John Holdridge, a senior State Department official, who attempted to persuade China to back U.S. efforts to isolate the Soviet Union on the Polish issue.

China's leadership reportedly told Mr Holdridge it was not prepared to interfere in Poland's affairs particularly on the side of a trade union against a government.

The trade agreement with Poland provides for an increase of some 25 to 30 per cent in trade between the two countries, which was worth about $104m (£54.7m) last year.

Trade this year should reach some $140m under the agreement, China will ship rice, tea, canned fruit, textiles and raw materials to Poland in return for chemicals and some steel products.

The agreement was signed last Friday by Chen Jie, China's Vice-Minister of Foreign Trade and W. Gwiazda, head of the Polish trade delegation and a Vice-Minister of Foreign Trade.

Peking and Washington's sharply divergent approach to the Polish issue is the latest in a series of differences on questions of foreign policy.

The U.S. is disappointed that Peking did not fall into line over Poland, particularly as its diplomatic offensive is directed mostly against the Soviet Union.

The Chinese move coincides with the continuing dispute over arms sales to Taiwan, with Peking reportedly setting a time limit on further sales of military equipment to the Taiwanese.

Officials in Peking believe that a commentary published at the weekend by Xinhua, the official Chinese news agency, on the Taiwan issue, offered the possibility of a compromise.

"Always mindful of the larger interests," the commentary said, "China is willing to negotiate for an end to the sales."

This is believed to be the first time the Chinese have offered publicly to negotiate. China's announcement at the weekend follows a similar proposal put forward some me ago by the U.S.

Trudeau rules out U-turn

OTTAWA—Mr Pierre Trudeau, the Prime Minister, yesterday acknowledged that Canada was in the grips of major recession, that unemployment had grown rapidly and that interest rates were "dreadful." But he again rejected provincial demands to stimulate the economy.

Speaking at the opening of his first economic conference with provincial premiers in four years, the Prime Minister said current federal policy of restraint "will give us the best chance to come out of these difficult days."

He said high interest rates were necessary to encourage investment in Canada and "to give reasonable protection to our dollar."

However, the provincial heads told Mr Trudeau bluntly that interest rates were taking too high a toll with unemployment at a record 1m. AP-DJ

Victor Mackie writes: Retroactive "performance-based" pay increases of up to 12.3 per cent have been approved by the Canadian Government for 10 Crown corporation heads and four top executive. The rises violate the Federal Government's own restraint guidelines.

Salvador presses West to send election observers

BY OUR LATIN AMERICA CORRESPONDENT

SALVADOREAN diplomats, backed by U.S. embassies, are pushing hard to convince Western European governments to send observers to the elections for a constituent assembly scheduled to take place in El Salvador on March 28.

Though diplomatic sources forecast that Britain, Italy and some other southern European countries will be sending representatives, there is extreme resistance in many capitals to a move which might be interpreted as support for the Salvadorean junta, headed by President José Napoleón Duarte, which has been accused of serious violations of human rights.

Few European countries have major economic ties with El Salvador. Diplomatic contact is also tenuous, and Britain is only one of a number of countries which have closed their missions in San Salvador for safety reasons. One independent observer from the UK who will be going out next month is Lord Chitnis, an independent member of the House of Lords, who has investigated Salvadorean human rights violations.

So far, 15 governments have undertaken to send representatives, including Honduras, Egypt and Argentina. The poll, which will be carried out without an electoral register, amid increasingly savage fighting and with little provision for many tens of thousands of displaced persons, is to be boycotted by parties of the Left and Centre Left.

Meanwhile, initiatives to halt the fighting continue to be launched. The left-wing guerrilla organisation, FMLN, last month wrote to President Ronald Reagan suggesting "negotiations without pre-conditions" and a "Zimbabwe-type" solution to the fighting, with junta and guerrilla forces eventually merging.

Left-wing guerrillas in El Salvador yesterday claimed to control the small north-eastern town of Corinto, despite the despatch of Government reinforcements to defend the town, AP reports from San Salvador. There was no independent confirmation of the claim. Corinto, 125 miles from the capital, has a population of about 2,000.

Tubes fail 'at most reactors'

WASHINGTON — Deteriorating tubes plague "the vast majority" of U.S. steam generated nuclear reactors, with many power plants having hundreds, or even thousands, of corroded tubes, the Nuclear Regulatory Commission has told Congress.

Officials say that deteriorating tubes are actively sought out during routine inspections and plugged off if it appears that they might develop cracks or leaks.

But they acknowledge that the inspections failed to uncover a deteriorated pipe at the Ginna nuclear plant near Rochester, in New York state. The pipe burst last week, leading to the release of radioactive steam into the atmosphere.

"I think they would have found it if it had been severe at that time," Mr Harold Denton, the NRC's director of nuclear regulation, said.

He told an Interior Affairs subcommittee of the House of Representatives that only six or seven nuclear reactors were free of the problem. No one had been able to establish why

U.S. fibre producers face dumping charge in EEC

BY GILES MERRITT IN BRUSSELS

DUMPING complaints against U.S. man-made fibres companies have been lodged with the European Commission by CEFIC, the EEC synthetic fibre industry's Paris-based organisation.

The anti-dumping procedure initiated by CEFIC is directed against U.S. exports of textured polyester yarn that in the closing months of last year gained up to a third of the Italian market.

Because of the Italian market's crucial importance to the EEC knitwear sector, the move is also intended as an early bid to head-off a possible price war between European man-made fibres producers.

But the anti-dumping action risks heightening present transatlantic trade tensions. If the CEFIC suit results in provisional anti-dumping duties being imposed, Washington may interpret that as a deliberate retaliation against the U.S. steel industry's recent spate of dumping and countervailing duties actions against EEC producers.

A decision by the Commission on the CEFIC complaint lodged just before Christmas is expected before the end of this month. The complaint concerns seven leading U.S. producers, including Unitex, Unifi and Macfield, and alleges that in their exports to Italy they have resorted to dumping margins calculated at between 12 per cent and 25 per cent.

The EEC man-made fibres industry is particularly sensitive to U.S. export practices following the 1979-80 furore over the inroads its cheap synthetics made into European markets.

The EEC industry now calculates that U.S. sales during that period cost it some £1000m. It fears renewed pressure on Italian man-made fibres companies from the U.S. could induce the Italian industry to start price-cutting in other EEC markets to maintain displaced sales.

Italian sign contract with Mexico

By James Buxton in Rome

TWO SUBSIDIARIES of Montedison, the leading Italian chemical company, have signed a contract with Pemex, the Mexican state hydrocarbons and petrochemical concern. They will also Mexican crude oil, process it and return the chemical produced to Pemex.

The companies are Montepolimeri, which makes plastics, and Montedipe, which is in basic petrochemicals. They will process for Mexico 100,000 tones a year of polyethylene, polypropylene, butadiene and other products. The value of the products is about L100bn ($m) a year.

The contract which will run initially for one year, but is expected to be renewed, is believed to be one of the first of its kind involving a Third World oil producing country. It takes a step further the process which oil refineries, specially in Italy, are proceeding crude and returning the petroleum products to be sold. This is currently happening between Libya and Italy.

Montedison agreed last October to take 20,00 barrels per day of Mexican crude for delivery to Montedis and at the same time laid the basis for the agreement which has now been reached on chemical products.

Arabs and Israelis battle for influence

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE CONSTANT silent war between the Arabs and Israel for trade advantage and political influence in Latin America is hotting up.

In a few weeks' time, Mr Gideon Pat, the Israeli Trade Minister, will start a South American tour to Venezuela, Chile, Uruguay and Brazil. With him will go a team of leading Israeli industrialists with a brief to open new markets for Israeli products at a time when Israel is becoming worried about the reliability of its principal trading partner, the EEC.

Israelis see Latin America as an increasingly important trading partner while they face a squeeze in Europe. With the impending accession of Spain and Portugal to the EEC, Israel will clearly have an increasingly tough job selling its citrus and other farm products to the EEC. Although Latin America is hardly a market for such items, it could absorb more Israeli manufactures and thus help Israel's overall trade account.

To help this process, Zim, the Israeli shipping line, for example, is to experiment with a service to South America's Pacific ports, while Israeli banks have been expanding in the region.

Israel has in the past had much success as a supplier of modern weapons to Latin America. There is no doubt that the Israelis would like to increase this trade.

Over the past decade, Israel has taken advantage of decisions by European governments and the Carter Administration to hold back arms supplies from some Latin American régimes because of their violations of human rights.

For instance, Israeli companies have sold Arava aircraft, capable of carrying cargo and dropping paratroops, to air forces from Guatemala to Bolivia. They have supplied missiles to the Pinochet Government in Santiago and were delivering weapons to General Somoza in Nicaragua almost up to the day of his overthrow in 1979.

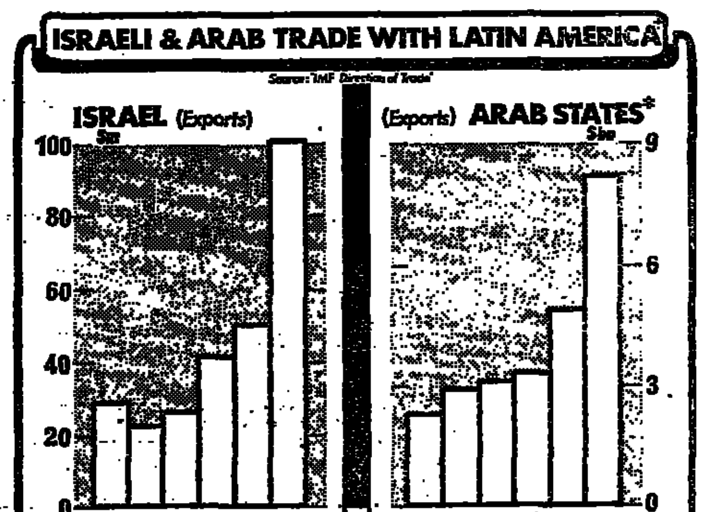
Today, their relationship to the Guatemala Government, which is still looked on askance by Washington, is particularly close. In exchange for Israeli arms, it is expected that Guatemala will become a small but useful regular supplier of oil to a country which often has difficulty in getting supplies.

Israel is also hoping to sell KFIR jet fighters—it version of the Mirage 5—to Ecuador and other countries. Last year, the Reagan Administration lifted the U.S. ban on Israel's use of General Electric engines in aircraft bound for some South American markets.

The advent of the Sandinista Government in Nicaragua was a blow to the Israelis. It not only looked unsypathetically on Tel Aviv, as the former Somoza régime's arms supplier, but also lost no time in seeking money and friendship in the Arab world.

But the Israelis are hoping to recoup that loss by pushing arms sales to other embattled Central American governments, perhaps selling the hardware which Congress and public opinion in the U.S. prevents Washington itself from supplying.

Apart from arms Israel, as a non-regional member of the Inter-American Development Bank, is also hoping to cash in on large aviation, construction and agricultural projects where Israeli technicians have been giving important assistance in many countries. Israeli exports to the region, despite recent growth, are not massive—some $140m (£75.5m) in 1980.



The financial, commercial and political muscle is more on the Arab side, even if the Arabs are less assiduous than the Israelis in capitalising on their advantages. Throughout Latin America there are large and influential communities of people of Arab and notably Palestinian descent, which together are estimated to comprise perhaps 5 per cent of the region's population.

What was at the beginning of the century a small immigration of labourers or petty entrepreneurs has now blossomed into a generation which includes generals, ministers and Julio Cesar Turbay Ayala, the President of Colombia.

Rising prices and spare Arab cash have strengthened the Arab position in Latin America further. Brazil, for instance, has mounted a successful campaign to offset its massively increased bill for Iraqi oil with exports to the Arab world.

These have included a range of goods and services from frozen chickens, to armoured vehicles, used by Iraq in its war against Iran, to oil prospection, and the building of a railway in Mesopotamia.

The Arab Latin American Bank (Arlabank), founded in 1977 with a headquarters in Lima, has produced figures to show that Latin America's imports from the Middle East grew between 1961 and 1980 from 8.1 per cent to 10.8 per cent of total imports.

Middle Eastern imports from Latin America, on the other hand, rose from 0.2 per cent to 35.5 per cent over the same period, a staggering 79-fold increase.

At the same time, according to Arlabank, Arab banks provided more money for Latin America through the Eurocurrency markets than they did to Africa, Asia and the Pacific combined. They provided $10bn for the region, compared with $8.9bn to the other areas in the 17 months to last May.

Arlabank has become a symbol of a fast growing relationship between the two areas. It counts a number of powerful Arab financial institutions, including the Arab Banking Corporation of Bahrain and the Libyan Arab Foreign Bank, among its shareholders.

Mr Werner Makowski, one of its two general managers, reporting record earnings of $20.2m last year, said recently in London: "Arab finance is today interested in much more than real estate in America. It is looking to help to develop the big natural resources that the region contains."

This increasing economic and financial relationship is being reflected in political attitudes among Latin American governments. Whereas, in immediate post-war years, the Latin American vote at the United Nations, often under U.S. prompting, was regularly pro-Israeli, today the pattern is less predictable.

Not only are the Communist and left-wing states such as Cuba and Nicaragua pro-Arab, but the states which have much to lose from Arab hostility, such as Brazil, are modifying their enthusiasm for Israel. Simultaneously, the Palestine Liberation Organisation is extending its diplomatic activities throughout the region.

In future, the Israelis may have to run very hard if they are not to lose friends and influence in Latin America.

Japanese shipbuilding orders show sharp fall

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD shipbuilding orders have fallen sharply in the last few months, with a steep decline in business won by Japan.

Latest figures from Motor Ship showed that total ships on order went down from nearly 58m deadweight tonnes on October 1 of last year to 53.1m dwt on January 1 1982.

Japan's total tonnage on order fell from 25m dwt to less than 22m dwt, with South Korea—number two in international shipbuilding—slipping from 5.2m dwt to 4.6m dwt.

Motor Ship noted that the number of ships on order in Japan is nearly 100 fewer than last October, with a large number of vessels completed in recent months.

UK groups need better support, Carrington told

BY EMILIA TAGAZA IN MANILA

BRITISH COMPANIES often lose to Japanese bidders for industrial projects in the Philippines because the Japanese have more attractive financing packages, Lord Carrington, the UK Foreign Secretary, and eight British industrialists were told yesterday by Filipino Government officials.

They were presenting a series of sales and investment proposals.

Mr Roberto Ongpin, the Philippines Industry and Trade Minister, told Lord Carrington's group that in most bidding cases, UK companies present very competitive pricing. But the Japanese have strong financial backing from Government agencies such as the Export-Import Bank of Japan and the Overseas Economic Co-operation Fund (OECF).

The eight industrialists were interested mainly in selling engineering, energy, and defence equipment.

Mozambique commissions feasibility study

By Rupert Cornwell in Rome

MOZAMBIQUE, through its energy agency, Commissao Nacional d'Energia, has commissioned a group of Italian companies to conduct a feasibility study into a possible integrated aluminium project, which could represent an investment of up to $700m (£368m).

The study will be carried out by a consortium headed by New Hunter Engineering, a member of the Iri state group of companies. Also involved will be Techinimont the engineering arm of the Montedison chemicals concern and Alluminio Italia, a member of the EFIM state-controlled conglomerate.

The scheme envisages a plant to transform imported alumina by electrolysis into aluminium ingots. Annual capacity would be between 100,000 and 10,000 tonnes.

The idea of the feasibility study was examined during last autumn's visit to Italy by Sr Samora Machel, the Mozambican President. The bulk of its cost will be met by the Rome Government.

If the deal goes ahead, it will add to the already substantial co-operation between Italy and Mozambique.

Cathay wins Pacific rights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CATHAY PACIFIC AIRWAYS, the Hong Kong-based airline, has been awarded rights to fly across the Pacific Ocean between Tokyo and Vancouver and Seattle, as a result of Anglo-Japanese air talks in Tokyo.

The airline already flies between Hong Kong and Tokyo.

It is expected to start its trans-Pacific flights as soon as possible, perhaps later this year.

Laker Airways, which had been hoping for trans-Pacific rights, as well as for rights between Hong Kong and Tokyo, was not successful in the talks.

Washington loses patience with Mexico

BY WILLIAM CHISLETT, RECENTLY IN WASHINGTON

THE U.S. and Mexico are heading for a trade battle which could undermine the greatly improved relations between them.

The Reagan Administration has been vigorously courting the new non-Opec oil power on its southern flank and has been loath to tackle the growing number of trade problems for fear of poisoning its good relations with Mexico and bringing to the surface the traditional animosity between both sides.

But there are signs that the honeymoon is coming to an end. The U.S. recession is biting deep into several sectors of the economy—like the car industry —which are beginning to be affected by Mexican exports.

There is a growing feeling on Capitol Hill and in the U.S. Commerce Department that Mexico should offer more reciprocity and take on more responsibilities. "We are running out of patience," said a senior U.S. trade official.

Mexico's subsidies for its non-oil exports to boost their competitiveness in the face of the over-valued peso, its increasing protectionism, and its insistence that foreign companies in Mexico should export part of their output are all minefields in its relations with Washington. Furthermore, more than 85 per cent of Mexico's imports are controlled by a licensing system.

Remarkably, these problems have not prevented two-way trade from quadrupling in six years to $30bn (£16bn) in 1981. Mexico, currently the U.S.'s third largest overseas market after Canada and Japan, could surpass Tokyo in the near future if the present trade pattern continues.

The Mexican market, fuelled by the world's fifth largest oil reserves, has developed an insatiable appetite for capital and consumer goods.

The U.S., for its part, takes half of Mexico's 1.5m b/d of oil exports (about 5 per cent of U.S. needs) as well as natural gas, fruit and vegetables.

However, the problems which do exist are compounded by the lack of a legal framework with which to deal with contentious issues, although a special joint trade commission was set up last September to deal with problems on an ad hoc basis.

The U.S. and Mexico have no bilateral trade agreements — other than on textiles—and no multilateral framework since Mexico rejected membership of the General Agreement on Tariffs and Trade (Gatt).

Washington has so far shown understanding towards Mexican subsidies to manufactured exports, imposed to try to diversify dependence upon oil and create more jobs.

The continued world oil glut makes it difficult for Mexico to increase crude exports, which last year accounted for more than two thirds of total exports. In any case, Mexico needs to diversify its economy if it is not to squander its oil wealth.

Last year, the U.S. Commerce Department came up with an exotic interpretation of the law on subsidies to over-rule domestic moves to impose countervailing duties on toy balloons.

The company which filed suit against Mexico, has since appealed against the Commerce Department's ruling and, according to trade officials, will win the case.

At the same time, a suit has been filed against Mexican ceramic tiles and countervailing duties are likely to be imposed. These are just the sort of manufactured goods Mexico is trying to export to the U.S.

As Mexico has not signed the latest Gatt code of conduct on subsidies and countervailing duties, there need be no proof of damage to U.S. economic interests before duties are imposed on subsidised Mexican exports. All that has to be proved is that subsidies are being imposed.

Meanwhile, Mexico fears that it will be hit by duties on many more products. This would tighten the screws on the country's already serious balance of payments problem. This year's current account deficit will be around $11bn for the second year running.

But Mexico is not prepared to phase out subsidies or devalue the peso unless it is forced to.

The foreign trade cabinet decided last month to ask Washington to make a special case for Mexico, and give it the "injury test," normally accorded only to Gatt signatories to see whether Mexican exports harmed the U.S. economy.

Such a concession would be politically very difficult for Washington when it is complaining about the lack of reciprocity among its other major trading partners.

Mexican export requirements are another source of friction. These apply mainly to the Mexican car industry and stipulate that the subsidiaries of U.S. companies, like Ford, Chrysler and General Motors have to match every dollar of imports with a dollar of exports if they are to avoid economic penalties.

Coming at a time when the U.S. car industry is at its lowest ebb for 21 years, U.S. trade officials say the Mexican move is going to create serious problems with car workers unions.

President Ronald Reagan and President Lopez Portillo have become the best of friends over the past year. Politics and trade issues may well spoil that friendship.

Narrowing range of world energy prices

By Sue Cameron

THE GREAT Debate as to which country's manufacturers are paying the most for their gas, coal, electricity and oil continues apace—albeit at a slightly slower tempo than 12 months ago.

But only slightly. The British Paper and Board Industry Federation, for example, has been "redoubling its efforts to bring home to Ministers the difficulties that the industry is suffering — particularly from energy prices." During the last few months the federation has been lobbying members of the Government and firing off demands for:

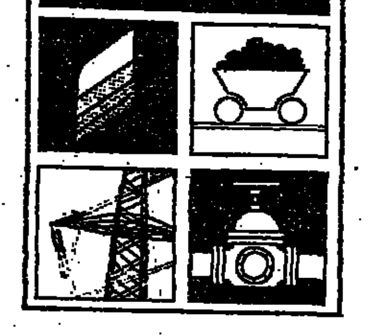
- Lower UK taxes on heavy fuel oil;
- significant discounts for bulk users of gas;
- government grants or concessionary loans to help industry improve its energy efficiency;
- a better deal for bulk users of electricity.

But although the grievances of certain manufacturers are as strongly felt as ever, there are signs that some of the more glaring discrepancies between the fuel and power costs of various countries are disappearing.

This is the second in a series of occasional Financial Times surveys of comparative international energy prices. The surveys are based on data from a number of sources including National Utility Services—NUS—which acts as a consultancy on energy bills. The NUS figures themselves are based partly on information provided by its clients and partly on the best prices to be had from published tariffs.

Nearly all the available evidence suggests that energy prices around the world are more in line than they were this time last year. Prices also appear to be showing a greater degree of stability in most countries—although there have been a few sharp increases over the last six months in certain cases.

Fuel price survey



This trend towards greater uniformity in energy pricing probably reflects several different influences. One factor must be the continuing world oil surplus which has now reached the point where spot market pr ices have collapsed and where members of the Organisation of Petroleum Exporting Countries are now under pressure actually to cut crude charges—or reduce output.

The oil crisis of 1979 can have left few people in doubt about the way dramatic changes in crude prices can *affect other energy prices.* The present weakness of the oil market is clearly helping to restrain increases in fuel and power charges generally.

Another important point is that the disruptions caused by the last oil crisis were almost bound to have led to wide differentials in national pricing. But two years on, prices have to some extent settled down. There has been time for governments and for national utilities to make adjustments. Most of the adjustments have been upwards—the Dutch gas price is a prime example here. But there have been attempts to restrain soaring prices as well—the British Gas Corporation's freeze on price increases last year is one instance of this.

But even if the gaps between energy charges in various countries are narrowing, they are still there and some of them remain quite marked. Perhaps the most obvious discrepancy is between European and North American gas prices.

The NUS figures show that small, medium and large gas consumers in Europe are all paying significantly more than the Americans and Canadians. One reason for this is that although the U.S. Government has now decontrolled oil prices—the discrepancies there used to be just as great—it has not implemented promises to deregulate gas prices.

NUS claims that the European disadvantage on gas prices reflects the "historical North American practice of pricing gas commercially" as against the European *tendency to set* "artificial" gas prices based on crude charges.

But it could be argued that "commercial" pricing must be heavily influenced by the supply side. And Canada in particular—the Toronto prices in the table above are consistently lower than those anywhere else—has abundant supplies of gas. The European utilities might also say, with some justification, that oil and gas often compete against each other in the marketplace and that some link between the prices of the two fuels is therefore inevitable.

NUS itself says it now sees a pronounced trend in North America towards switching over to the European system of tying gas prices to those for oil.

British industrial gas prices are now much closer to those on the Continent following the furious complaints of UK manufacturers and the subsequent freeze on price increases. British Gas itself reckons that its average contract prices for firm supplies are, if anything, trailing behind those on the Continent. But it admits that UK average prices for interruptible supplies are still 8 per cent to 10 per cent higher than in most other parts of Europe.

But the gradual evening-out of gas prices in Europe has meant that manufacturers in some countries have had to face steep percentage increases.

French industrial gas prices have risen by at least 25 per cent in the last six months for all users. NUS comments that, as it had predicted, planned price rises were being held back until after the general election was over.

The second half of last year also brought very substantial rises in Belgian gas prices. But this reflects the increase in exported Dutch gas prices—the Netherlands supplies Belgium—which are finally feeding through.

Electricity prices for high load factor, bulk users in the UK are still a source of bitterness to British manufacturers.

A review of UK bulk electricity supply tariffs has now been carried out and is being considered by Ministers. It is understood to recommend an amelioration—a small amelioration—of price increases for major users.

One area where the UK appears to be at a disadvantage compared with the rest of western Europe is on heavy fuel oil prices. UK manufacturers are forever bemoaning the fact that Britain's £8 a tonne heavy fuel oil duty is twice as high—at least—as in any Continental country. The table below, which gives estimated average prices for consumers taking up to 24,000 tonnes of heavy fuel oil a year, shows that UK manufacturers were paying more than any of their European competitors—except the Irish—even before tax and duty.

With considerably higher taxes to be added on top, it is perhaps understandable that British companies should continue to be restive about fuel oil charges.

Higher fuel oil prices in the UK are common enough in the summer when the Rotterdam spot market tends to be low and to pull down charges in nearby northern European countries. (The geographical fact of the Channel means spot prices have less influence in Britain). But the figures in the table here are for January—and a cold January at that.

HEAVY FUEL OIL

$ per tonne in January, exclusive of tax and duty

UK	218.99
Belgium	186.14
Denmark	213.59
Germany	201.70
Greece	189.32
France	195.02
Ireland	260.43
Italy	192.86
Luxembourg	191.21
Netherlands	204.85

Source: EEC statistics

U.S.—New York Harbour $179

ELECTRICITY AND GAS—HOW WORLD PRICES HAVE CHANGED

JULY 1981 COMPARED WITH DECEMBER 1981

All prices shown in sterling and converted from local currency at Times published rates for December 31, 1981

Electricity (pence per KWH)

	Small 6/81	Small 12/81	Small %	Medium 6/81	Medium 12/81	Medium %	Large 6/81	Large 12/81	Large %
London	5.07	5.24	3.4	3.29	3.46	5.2	3.28	3.45	5.2
Birmingham	4.57	4.75	3.9	3.10	3.26	5.2	3.08	3.26	5.8
Dublin	5.71	6.29	21.2	3.38	4.32	27.8	3.30	4.24	28.5
Paris	3.26	3.75	15.0	2.53	2.89	14.2	2.51	2.86	13.9
Hamburg	7.46	7.51	0.7	4.20	4.29	2.1	3.96	4.01	1.3
Milan	4.49	4.49	—	3.84	3.84	—	3.27	3.27	—
Eindhoven	3.61	5.73	58.7	3.49	4.56	30.7	3.45	4.49	30.1
Brussels	4.81	4.83	0.3	4.01	3.98	−0.8	3.60	3.56	−1.1
Toronto	2.76	2.76	—	1.35	1.35	—	1.35	1.35	—
New York	9.87	9.82	−0.5	6.23	6.07	−2.6	6.16	6.01	−2.4
Chicago	4.46	4.87	9.2	2.79	3.03	8.6	2.51	2.80	11.6
Los Angeles	4.74	4.61	−2.7	3.36	3.60	7.1	3.31	3.56	7.6

Gas (pence per therm)

	Small 6/81	Small 12/81	Small %	Medium 6/81	Medium 12/81	Medium %	Large 6/81	Large 12/81	Large %
London	29.88	30.40	1.7	30.23	31.00	2.5	30.37	31.05	2.4
Birmingham	29.88	30.40	1.7	30.18	30.90	2.4	30.17	30.90	2.4
Dublin	99.34	105.13	5.8	n.a.			n.a.		
Paris	30.87	39.36	27.5	26.59	33.32	25.3	25.86	32.52	25.3
Hamburg	29.37	35.87	22.1	26.57	32.52	22.4	25.37	31.70	22.5
Milan	37.83	38.94	2.9	33.66	34.39	2.2	32.55	33.29	2.3
Eindhoven	25.87	31.07	20.1	23.67	30.64	29.4	23.35	30.08	28.8
Brussels	33.57	42.42	26.4	21.70	32.07	47.8	20.42	29.84	46.1
Toronto	15.14	17.02	12.4	14.03	15.90	13.3	14.03	15.90	13.3
New York	22.07	25.87	17.2	21.15	24.97	18.1	21.10	24.87	17.9
Chicago	17.37	18.23	5.0	16.61	17.47	5.2	16.49	17.35	5.2
Los Angeles	17.97	19.75	9.9	17.95	19.73	9.9	18.14	20.63	13.7

MODEL ASSUMPTIONS

Electricity SMALL	Electricity MEDIUM	Electricity LARGE	Gas SMALL	Gas MEDIUM	Gas LARGE
½m kwh/year, low voltage 275 KVA supplier owned T/former	5m kwh/year, high voltage 1,000 KVA consumer owned T/former	15m kwh/year, high voltage 3,000 KVA consumer owned T/former	125k therms/year, heating only 35% annual load factor	1m therms/year, heating/process 60% ALF	4m therms/year, heating/process 60% ALF

Notes: SMALL commercial building 0600/2000 hrs operation; MED/LARGE constant 24hr industrial load plus night rate benefits if available; Firm supplies including all standing charges, taxes and other costs.

Source: NUS

New U.S. headquarter building for NatWest

By William Hall, Banking Correspondent

NATIONAL Westminster Bank has taken a 75-year lease on a projected 30-storey building in New York's financial district. It will act as the headquarters of its growing North American operation.

NatWest will be the first UK bank to move into purpose built premises in North America. Work started on the 580,000 square ft development, at 175 Water Street, on Monday, and is due to be completed by July next year.

The developer is HRO International, a U.S. organisation whose international chairman is Mr Howard Ronson.

NatWest will pay an initial gross rental of $38 (£20) a square foot. Fox and Fowle are the architects of the office tower, which will overlook the South Street Seaport development. Jones Lang Wootton acted for the bank in arranging the transaction.

Mr "Jack" Bennie, NatWest's general manager in charge of the premises, said yesterday that about half the office space would be let out initially to other clients.

While the new building will have roughly the same floor space as London's NatWest tower, it will only be 350 ft high—compared with 600 ft. Mr Bennie was responsible for development of the London headquarters.

In 1979 NatWest acquired for $431m, the National Bank of *North America, a major New* York retail bank with 157 branches. Mr Bennie said it was intended to move NBNA's headquarters into the new development.

NBNA is based at 44, Wall Street, and National Westminster has its present U.S. headquarters at 100, Wall Street.

NatWest's merchant banking subsidiary, County Bank, and other subsidiaries are represented in various offices in New York. It is intended that most of these will be relocated in the new building.

The bank will supervise the fitting out of the premises. The bank said the building will help it plan for "the strategic growth" of the group in North America.

NatWest's expansion in the U.S. in recent years has been rapid. Since buying NBNA it has injected $75m of equity capital.

The group's U.S. assets, including NBNA, total nearly $9bn. There are offices in Chicago, Houston, Los Angeles and San Francisco. NBNA employs more than 4,000 in its New York-based operation alone.

In 1980 NatWest bought 16 branches from Bankers Trust to add to NBNA's network. The bank has invested heavily in modernising its computer systems.

NBNA results, Page 18

Non-Opec producers lead price cuts

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil companies are among producers outside the Organisation of Petroleum Exporting Countries leading down the price of crude, according to the International Energy Agency.

The agency said in Paris yesterday that non-Opec producers—such as those in the North Sea, Mexico, the U.S. and Canada—were cutting prices *faster than the main exporters* within Opec.

The agency reported that between the first quarter last year and January 25, the average price of internationally traded oil fell from $35.98 a barrel to $34.01. The average price of Opec oil fell less markedly during the period—from $35.45 to $34.11.

In the past week the weakening spot market has depressed the average prices even further leading the oil industry to speculate that Opec and other producers will cut official tariffs or agree on production cuts to bring supply and demand more into balance.

One leading London trader said that the way the market was heading, North Sea spot prices could soon be down to $28 a barrel—some $5 a barrel lower than current spot prices and $8.50 less than the official reference price. The further fall in spot prices would add to the pressures being applied by European refiners on British National Oil Corporation for a reduction in the reference price.

Spot market weakening has forced the U.S. Government to reconsider its pricing projections. At the beginning of the year the Reagan Administration was planning on the assumption that international oil prices would fall by between 20 and 25 per cent in real terms over *the next two years. On present* trends the fall could be even sharper.

Sue Cameron adds: Oil product prices on the European spot market are continuing to spiral downwards in the wake of fears that reduced oil demand will lead to some official crude prices having to be trimmed.

The most dramatic fall has been in spot petrol prices which have dropped by almost 12 per cent in the last three weeks, going from $340 a tonne to just under $300 a tonne yesterday.

Traders believe the major oil companies are becoming increasingly worried by the sharp decline in spot petrol prices—*particularly in countries* like the UK where a price war at the pumps has been in full swing for some time.

Some traders claim that UK oil majors have now started selling petrol to small independent companies in Britain at spot market related prices.

Two sites ruled out for N-power stations

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE CENTRAL Electricity Generating Board has ruled out the building of a nuclear power station at two of five possible south-west sites because of unsuitable geological conditions.

The sites are both in Cornwall—Gwithian near St. Ives and Nancekuke, near Portreath.

The remaining possibilities are Herbury, near Weymouth, Winfrith in Dorset, and Luxulyan, near St. Austell in Cornwall.

Local anti-nuclear protestors occupied CEGB drilling site at Luxulyan for 172 days last year, halting the board's geological studies.

It has concluded that these sites are geologically acceptable and is examining their *economic and environmental* suitability and the needs of the electricity supply network.

The board said yesterday it was considering the alternative of building another nuclear station at Hinkley Point in north Somerset where two nuclear plants are already operating.

It made clear, however, that it did not think this was the best site for supplying the south-west. Another station could necessitate constructing a new supergrid overhead power line between Bridgwater and Taunton.

Mr Michael Gammon, CEGB generation development engineer, said 80 per cent of demand in the south-west was met from a supergrid line along the south coast from Dungeness to Cornwall. "We would really prefer something on the south coast to meet demand more securely."

As an alternative to a nuclear station, the board is considering a coal-fired plant at its site at Insworth Point, near Plymouth. Power stations at East Yelland, near Barnstable, North Devon, Plymouth, and Poole are being looked at for redevelopment as coal-fired plants.

The results of the investigation may be announced by the end of the year. It is likely to be at least two years before the CEGB seeks planning permission for a new station, which would come into operation in the 1990s.

Coal Board expected to show £500m loss

BY MARTIN DICKSON

THE National Coal Board is heading for a loss before grants of about £500m in the 1981-82 *financial year*, the Government indicated yesterday.

Mr John Moore, the Energy Minister responsible for the coal industry, told the Commons the board would need operating and deficit grants to make good a loss of more than £4 a tonne on production of about 124m tonnes.

He was moving the Second Reading of a Bill to increase to £5bn the ceiling on money the board can borrow and to £1,750m the amount it can receive in grants in the five years to 1983-84.

The legislation is the price the Government must pay for retreating from a confrontation with the miners a year ago. The miners threatened a national strike when the board announced a lengthy pit-closure list. The Government averted a stoppage by promising the industry more aid.

Mr Moore said the Government was prepared to continue investing heavily in the coal industry because in an energy-hungry world its future was bright.

He said, however, that the recession meant the board had gone badly off course in the past two to three years. Power-station coal-consumption dropped and industrial demand fell by nearly a quarter in two years.

The board's stocks rose from 12m tonnes in March 1979 to a probable 24m tonnes at the end of the 1981-82 financial year. This meant a large increase in working capital needs. The board's interest charges this year were likely to be more than £380m.

Productivity, however, improved. Output per man-shift rose from 2.24 tonnes in 1978-79 to 2.32 tonnes last year.

● Sir Derek Ezra, the NCB chairman, said yesterday he hoped the Government would approve the board's plans to mine in the Vale of Belvoir, Leics.

He said the Belvoir public inquiry was completed 21 months ago. "Coal from the new field is vital to replace capacity which will be lost in Leicestershire over the next 10 years when that area's pits run out of reserves."

Parliment, Page 10

Greater success for North Sea oil explorers

BY RAY DAFTER,

OIL exploration companies are having more success with their North Sea drilling.

Offshore statistics, published today show that last year companies found oil or natural gas in more than a third of the 51 exploration wells drilled—the highest success ratio for over a decade.

On average companies found the equivalent of between 10m and 15m barrels of oil in each exploration well. This discovery rate was better than in the three previous years but a long way short of the boom exploration era of the early 1970s.

The statistics, produced by stockbrokers Wood Mackenzie, suggest that during 1981 companies found the equivalent of 800m barrels of oil.

Wood Mackenzie says 11 significant discoveries were made in the UK last year:

● Chevron's block 2/15—perhaps 50m barrels of oil.

● Kerr McGee's block 12/29—"oil shows."

● British National Oil Corporation's block 20/2—an oil discovery of between 50m and 150m barrels.

● Conoco's block 21/15—"modest" oil find.

● Shell's block 21/19—oil discovery, "not believed to be large."

● Sun's block 22/8—a gas/condensate discovery.

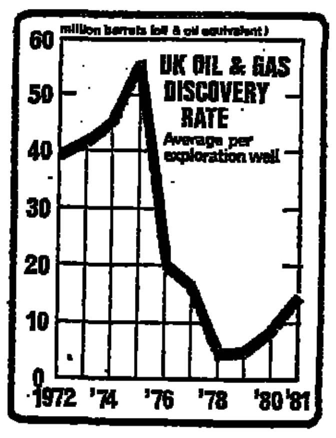
● Shell's block 29/5—high presure gas and condensate (very light oil).

● Phillips's block 30/7 (Joanne)—oil discovery in an area which might contain 200m barrels.

● Amoco's block 3/12—possibly 100m barrels of oil.

● Hamilton Brothers' block 30/24 (Argyll "A")—could add up to 30m barrels to the Argyll Field reserves.

● Hamilton Brothers' block 30/24 (Argyll "B")—could add up to 20m barrels to Argyll's reserves.



Buyers sought for fifteen warships

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

FIFTEEN of the Royal Navy's warships are up for sale to foreign buyers, while four have already been sold to New Zealand, Chile and Pakistan.

The remaining 15 include four Rothesay class frigates, Berwick, Brighton, Falmouth and Rhyl, which began building in the late 1950s, and three frigates of the tribal class, Tartar, Zulu and Gurkha.

Glamorgan, a county class destroyer, is also for sale.

A new list of ships for sale also includes the air defence frigate Lincoln, Lynx, an anti-aircraft frigate, Hermes, the anti-submarine warfare commando-carrier, Intrepid, the amphibious assault ship, and Tenacity, a fast attack craft.

Completing the list is Endurance, the Navy's only ice patrol ship, adapted for work in the Antarctic. Suggestions that the ship would be sold to Brazil provoked strong Parliamentary and naval protest, which may result in her reprieve.

Mr Peter Blaker, Minister of State for Defence, says in reply to a written Parliamentary question, that "a particular ship's inclusion on the list does not rule out the possibility of its retention" by the Navy.

The four ships sold so far are the County class destroyers Norfolk and London, to Chile and Pakistan, and two Leander class frigates, Dido and Bacchante, to New Zealand.

Negotiations to sell the carrier Invincible to Australia are apparently bogged down by Canberra's wish to pay for the vessel in instalments.

Present tight budget constraints, officials are apparently keen to have the £175m reputedly being asked for Invincible in a lump sum, and preferably in this financial year.

Tory backbenchers voice fears on defence cuts

BY OUR DEFENCE CORRESPONDENT

CONSERVATIVE backbenchers are increasingly uneasy about the trends in defence spending, Mrs Margaret Thatcher, the Prime Minister, was told yesterday.

Mr Anthony Buck (C, Colchester), the chairman, and officers of the Tory backbench defence committee said they were worried that recent cuts in defence spending would undermine Britain's ability to meet the threat from the growing Soviet military build-up.

Exercising their right to discuss defence matters with the Prime Minister, the committee, members are believed to have urged her to be more flexible towards defence spending.

Defence should not be subject to the same rigid cash limits as other ministries, as so much of the defence budget was committed forward, they said.

They are believed to have protested about the extent of cuts in the Royal Navy, worst hit of the three services in last June's defence review, and to have cautioned against the proposed sale of the new carrier, Invincible, and of Britain's only ice patrol ship, the Endurance.

Both Downing Street and the Ministry of Defence are stonewalling on the committee's request to meet the chiefs of staff.

The Ministry said it was "one of the rules" that serving officers should not make public statements in areas that are "sensitive, contentious or political." Only Mr John Nott, Defence Secretary, could waive the rule.

Reserves fall by £65m

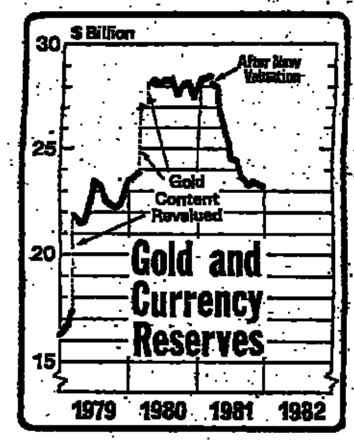
BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK's official reserves fell by $122m (£65m) in January, but this does not appear to indicate much intervention in the currency markets.

Figures published yesterday, show a reduction of $201m in the reserves resulting from technical calculation related to the UK's holding of European Currency Units. This downward revaluation was largely due to the fall in the gold price

Allowing for this, a repayment of $77m of the International Monetary Fund's oil facility and $100m of accruals of public sector borrowing under the exchange cover scheme, the underlying change in the reserves was a rise of $62m for the month.

At the end of January the reserves stood at $23.225bn.



They reached a peak of $28.4bn in February. The fall of $5.2bn since then mostly represents repayment of foreign debt.

Eastbourne cleansing awarded to contractor

By Lisa Wood

THE Conservative-controlled Eastbourne borough council yesterday said it was turning over all its cleansing services to a private contractor.

The borough is the second in England to do this. Southend-on-Sea was the first in December 1980.

Other councils, including North Norfolk and Wandsworth, London have awarded parts of their services to private contractors.

The Eastbourne five-year contract, worth £4m, has been awarded to Exclusive Cleaning Services, a subsidiary of Brengreen (Holdings), which also holds the Southend contract. Ninety workers will be recruited for the service. The present cleansing department employs about 140.

Councillor Dennis Cullen, deputy leader of Eastbourne borough council, said: "Last year when we were running a voluntary redundancy scheme the men in the cleansing department refused to make any cuts. The council has had to look very carefully at expenditure because if we do not keep the rates down we will come under penalty.

"Over five years the new contract with Exclusive will make savings of about £1.5m which is quite a lot for a small borough of about 75,000 people."

He said he understood that the men affected by the redundancies, members of the Transport and General Workers Union, had met earlier yesterday, but the council had not been notified of any industrial action.

Mr David Evans, chairman of Brengreen, said recruitment priority would be given to existing council workers. "In Southend we offered jobs to everybody who wanted one."

Rolls-Royce job cuts

ROLLS-ROYCE is to shed about 180 jobs at its Mountsorrel, Leicestershire, factory, which makes parts for RB-211 and other aero-engines.

The redundancies are due to the fall in the company's workload, and are part of its overall programme to reduce its workforce by about 5,000 this year.

The company shed about 5,000 last year, reducing the workforce to 52,000. Earlier this year, it said it was cutting 480 jobs at its Hillingdon, Glasgow, factory.

Lyons Maid sheds 120

LYONS MAID, the ice cream manufacturer, will cut its workforce at its plant at Bridge Park, Greenford, Middlesex by about 120 out of 550.

The company blames the fall in demand over the past couple of years because of poor summers *and the levying of* VAT on ice cream.

Lyons Maid, along with the rest of the industry, has been hit by the switch from ice lollies and cornets to bulk ice cream bought for home consumption. This is less profitable and less labour intensive.

Bargain offers plea

THE RETAIL Consortium yesterday urged Mrs Sally Oppenheim, Consumer Affairs Minister, to repeal legislation prohibiting bargain offer claims in shops and advertisements.

The legislation, introduced in 1979, generally prohibits retailers from making misleading price comparisons. But it has proved unworkable and has been openly flouted by many retailers.

Petrol tax call

has called for a cut in the VAT on petrol from 15 per cent to 10 per cent in next month's Budget.

Lord Erroll, the AA's chairman, has told Sir Geoffrey Howe, the Chancellor, that the overall tax level on petrol is "intolerably" high—accounting for £1.25 of a £1.68 gallon—and is hampering the Government's attempt to curb inflation.

Bowmaker Award

CASH PRIZES totalling £20,000 are on offer in the 1982 Bowmaker Industrial Achievement Award for smaller businesses which was launched yesterday by Mr John Macgregor, Minister with responsibility for small companies.

The scheme is designed to encourage smaller businesses to develop new ideas, products or markets along sound business lines. Details from The Secretary, Industrial Achievement Award, Bowmaker House, Christchurch Road, Bournemouth BH1 3LG.

Toys plant to close

PEDIGREE TOYS will close its factory at Wellingborough, Northants next month. But the 30 workers will be taken on by a plastics company which is taking over Pedigree's lease.

British minimum income tax rate highest in EEC

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE MINIMUM rate of income tax in Britain is the highest in the European Community; and the minimum incomes at which people start paying tax are among the lowest, according to the Treasury's latest estimate.

The figures show that the minimum rate of tax paid by a married couple in the UK is more than four times higher than in France. And in France, a married couple with two children would not pay any tax on earned income below the threshold of £5,400. In the UK the threshold is £2,146.

The currency conversions were made at the average exchange rates for the relevant year, and the income of a couple is assumed to be all earned by the husband.

In a Parliamentary written reply, the Treasury says it has taken into acount the varying personal reliefs, deductions for minimum expenses, employment income and other flat rate reliefs in its estimates. As a result the actual rates given in the tables are different from the nominal starting rates of tax in some countries' income tax scales.

The figures in brackets for Belgium and Denmark take into account local taxes.

MARRIED COUPLE WITH TWO CHILDREN

	1978 (1978-79) Threshold in £ sterling	Rate of income tax %	Rate of income tax and social security contributions %	1981 (1981-82) Threshold in £ sterling	Rate of income tax %	Rate of income tax and social security contributions %
Belgium	2,680	12.7 (13.5)	21.2 (21.9)	3,300	21.7 (23)	29.4 (30.8)
Denmark	2,700	14.4 (38.6)	18.6 (42.8)	2,445	14.6 (40.8)	18.8 (45)
France	4,735	7.2	15	5,400	7.2	16.2
W. Germany	2,725	18	34.2	3,010	18	34.45
Ireland	2,275	20	21	2,680	25	29.5
Italy	1,465	10	17.45	2,070	18.4	24.5
Luxembourg	5,750	18.45	28.2	5,635	12.3	22.8
Netherland	3,395	19.2	35.4	3,040	16.3	32.3
UK	1,736	25	31.5	2,146	30	37.75

SINGLE PERSON

	1978 (1978-79) Threshold in £ sterling	Rate of income tax %	Rate of income tax and social security contributions %	1981 (1981-82) Threshold in £ sterling	Rate of income tax %	Rate of income tax and social security contributions %
Belgium	2,155	15.9 (16.85)	24 (24.9)	2,120	19.3 (20.5)	27.45 (28.5)
Denmark	1,440	14.4 (38.6)	18.6 (42.8)	1,295	14.6 (40.8)	18.8 (45)
France	2,370	10.8	18.3	2,730	10.8	20.1
W. Germany	1,750	18	34.2	1,720	18	34.45
Ireland	929	20	21	1,430	25	29.5
Italy	845	10	17.45	1,245	9.7	16.4
Luxembourg	2,200	18.45	28.2	2,185	12.3	22.8
Netherlands	2,320	19.2	35.4	2,440	16.3	32.3
UK	986	25	31.5	1,376	30	37.75

Watercolours fetch £21,300

THE watercolours of Arthur Melville were in demand at Sotheby's in Pulborough yesterday, a collection of five selling for a total of £21,300. The top price was the £7,800 paid for The Procession of Corpus Christi, Toledo, dated 1890. Arabs Returning from a Raid made £5,000 and The Sapphire Sea £4,600. All prices were well above forecast.

In an English pottery and porcelain sale at Sotheby's in London, a rare Honeysuckle group bolte à surprise went for £4,600 and an 85-piece Mason's ironstone dinner service, £3,000.

SALEROOM

BY ANTONY THORNCROFT

Chemical trade surplus up 4.1%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BRITAIN INCREASED her chemicals trading surplus by 4.1 per cent, £87m, last year over 1980, according to provisional figures released yesterday by the Chemical Industries Association.

The association stressed that 1981 also saw a strong growth in chemical imports. Chemical producers now had to fight "hard against strong European competition."

The figures show that chemical exports rose by 6.8 per cent in value terms, from £5.290bn in 1980 to £5.648bn in 1981.

Imports rose faster in the same period, from £3.148bn in 1980 to £3.419bn last year, an increase of 8.6 per cent.

The rise in imports in volume terms was even more marked when compared with exports. Export volumes rose by 1.5 per cent, import volumes by 7 per cent.

"Such a strong rise in chemical imports during 1981, much of which came from other EEC member-states, reflects the very competitive state of the European market, where there is weak demand and substantial spare capacity in commodity-type products," Mr Martin Trowbridge, director-general of the association, said.

"It is a contributory factor to depressing margins in the home market, because chemical price increases were well below *the rate of general inflation.*

"This underlines the need for Government to think harder and act more resolutely to ensure that our energy and other input costs become as attractive as the best enjoyed by our overseas competitors."

The association's figures show that import prices for chemicals increased by only some 1.5 per cent between 1980 and 1981 "as overseas manufacturers cut margins in step with our declining exchange rate."

But UK chemical export prices increased by an average 5.5 per cent. This was "broadly" in line with the overall rise in domestic chemical prices, which went up by 5.7 per cent from 1980 to 1981.

The general rate of inflation in the same period was 12 per cent, said the association.

The association estimated that the growth in chemical imports was "particularly strong" in the late summer and early autumn of last year.

It reckoned that between the first three months and the last three months of last year import volumes rose by about 30 per cent, increasing the share of the home market held by imports from 33 to 38 per cent.

In the same period export volumes are thought to have risen by 9 per cent.

European air fares pressure

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT will proceed with its campaign for cheaper air fares in Western Europe, in spite of other European Economic Community members refusing to co-operate.

Mr Iain Sproat, Parliamentary Under-Secretary for Trade, told the Chartered Institute of Transport in London that in the UK's presidency of the EEC, from June to December last year, the Government had the chance to ensure there was time for discussion on air fares and the need for more inter-regional air services in Europe.

"Sadly, this did not mean we were able to ensure our policies were accepted by our ...European partners."

Tape manufacturers square up to import penetration

NICK GARNETT examines moves against foreign competition made by brand leaders DRG Sellotape Products, 3M and Rotunda.

SAY adhesive-tape to anyone and their first thoughts are likely to be of the roll in the kitchen drawer, sealing parcels and doing out-of-sight repairs to rickety chair-legs.

For a medium-sized company such as Rotunda of Lancashire adhesive-tape also means cloth-tapes for binding cheque-books and protecting bumpers during car-manufacture; reinforcing tapes for shoes and biscuit-tin sealing; and a wide range of electrical PVC insulating and jointing tapes for, among other customers, the South-West Electricity Board and the Turkish Post Office.

Four directors of Rotunda, which employs fewer than 200 people, are confident enough in the future of the UK sector to have plunged enthusiastically into the purchase of the company from BICC with the help of the Industrial and Commercial Finance Corporation.

The decision to sell Rotunda followed a BICC policy move to lay greater emphasis on the making and supply of electrical and electronic components and systems.

As with so many items taken for granted, adhesive tape is the product of a complicated manufacturing industry with advanced technology requirements, a bewildering array of specifications to meet and fierce international competition. This competition, however, has been testing some of Britain's biggest manufacturers.

Adhesive tape production generates a £90m annual turnover and employs 1,500 people. It includes big producers in terms of overall volume, such as the operation in Wales of 3M, the U.S. company, and DRG Sellotape Products, which has one of the most famous brand-names of any article made in Britain.

A whole range of industries relies on tapes for sealing, binding, insulation and colour-identification, ranging from packaging and confectionery to electrical power-supply, vehicles and banking.

Part of the adhesive-tape industry, however, has been battling with importers. Here, the biggest headache for UK manufacturers has been generated in the sale of adhesive-tape for the packaging industry.

These filmic-tapes, used for a variety of containers such as cigarette packets and pet-food and confectionery cartons, amount to almost 80 per cent of the volume of adhesive-tapes made in the UK.

In the past five years, however, importers have taken their share of the sector to about 40 per cent.

The biggest threat to the UK's filmic tape industry has come from Italy. There are about 60 Italian companies making self-adhesive tapes, five of them relatively large producers.

The Adhesive Tape Manufacturers' Association says the Italians' competitive position has been based largely on two features of their industry. One is that their investment has been directed to "dedicated" machinery, that is, equipment designed for one width, length and colour.

The other is that they have concentrated solely on the packaging industry generally with high-volume production on a three-shift, seven-day week system.

This concentration of effort is in contrast, for example, to 3M, which produces hundreds of different types of tape to meet many specialist industrial and commercial needs.

The pressure of the imports rush has been felt by DRG Sellotape Products, 40 per cent of whose business value is derived from supplying tapes to the packaging industry.

DRG has been squaring up to meet foreign competition partly by boosting investment in an industry with a "mature" market, that is, where technological developments are present but are not an overriding characteristic, the principal concentration of new expenditure has been on improving efficiency.

DRG's strength in clear-tape *for the consumer market*, of which it has at least 60 per cent, has been pretty well immune, however, from foreign competition.

Further, in contrast to many other industrial sectors UK manufacturing has been cushioned by an overall market growth which has been particularly noticeable in packaging tapes. There has been an accalerating move from gum to tape.

The Germans and Dutch are also big exporters in filmic-tape. In masking-tape the U.S. is probably the major exporter to the UK.

For some UK manufacturers like Rotunda, which exports a fifth of its output and is particularly strong in industrial supplies as well as electrical-tape for wholesalers, developing their strengths in specialist tape-making is certain to be a strong feature of these companies' production programmes. That, however, would involve consolidating the array of supplies.

Raymond Hughes, on two cases before the European human rights commission

Government faces multi-million pound compensation tests

THE BRITISH Government is facing two challenges under the European Convention on Human Rights which could cost it hundreds of millions of pounds if successful.

Two cases being considered by the European Commission of Human Rights in Strasbourg, concern the compensation payable for nationalisation of shipyards in 1977, and the effects of the 1967 Leasehold Reform Act, which obliged landlords to sell people with long leases the freeholds of their homes.

Both cases hinge on Article 1 of the convention's First Protocol. This provides that everyone is "entitled to peaceful enjoyment of his possessions" and that "no-one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

Six complaints, involving about 18 corporate or individual shareholders in companies nationalised under the Shipbuilding and Aircraft Industries Act, were lodged with the Commission last May.

The complainants included Sir William Lithgow, Vosper, English Electric, Banstonian Company, Northern Shipbuilding and Industrial Holdings, Yarrow and Co., Sir Eric Yarrow and M & G Securities.

Subsequently three more complaints were made by, among others, Scotts of Greenock (Estd 1711); Lithgow Holdings, Bank of Nova Scotia Trust Company (Bahamas) and Dowsett Securities.

All complain that the compensation they received on nationalisation was grossly inadequate, and that the manner in which they were deprived of their shareholdings was not in accordance with Article 1.

The UK Government is about to put before the commission its observations on the admissibility and merits of the first six complaints.

Report

This first hurdle requires a complainant to satisfy the commission that, for example, he has exhausted all possible remedies under national law; that he has a right protected by the convention that has been infringed; and that his complaint has been lodged within the prescribed time.

The commission will study the arguments of the two sides and try to arrange a friendly settlement. If it is unable to do so, it will prepare a report for the European Court of Human Rights. It will then be for the court to decide the issues and say how much—if any—additional compensation the UK Government must hand over.

In the case of the Leasehold Reform Act, the trustees of the second Duke of Westminster's estate complain that the Act obliged the estate to sell freeholds at knockdown prices when it should have got the market values of the properties.

The Act provides that holders of long leases of houses whose rateable value does not exceed £1,500 in London and £750 elsewhere can force their landlords to sell them the freeholds.

Thousands of leaseholders have taken advantage of the Act to buy their homes, and the Westminster Estate is not the only landlord with a sense of grievance.

If the complaint is upheld by the commission, and subsequently by the court, the Act will have to be amended or scrapped, and the Government could face substantial compensation claims from landlords.

The claim, lodged in 1979, is still at the "admissibility and merits" stage. The UK Government has put in its observations and the commission is likely to convene a hearing later this year.

The Government is also facing a challenge over the legality of telephone tapping. Mr James Malone, a Surrey antiques dealer, has alleged that his telephone was tapped by the police in violation of his human rights.

Mr Malone was charged in 1977 with handling stolen goods. He was acquitted in 1979 after two trials. The same year he tried, unsuccessfully, to sue the Metropolitan Police in the High Court.

Sir Robert Megarry, the Vice-Chancellor, held that the police had not broken the law, but said the practice of telephone tapping "cries out for legislation."

Distinct

Mr Malone's complaint, which has been declared admissible by the commission, alleges an infringement of Article 8 of the convention. This allows telephones to be tapped and letters to be opened as long as it is done "in accordance with the law" and is "necessary in a democratic society . . . for the prevention of disorder or crime."

The key phrase is "in accordance with the law." There is no statute in the UK that permits telephone tapping, but the Government's argument is that it is covered by common law—the law as developed by the courts as distinct from Acts of Parliament.

It will also assert its responsibility for "the prevention of crime."

The commission has asked the Government to put further observations on the merits of Mr Malone's case. Once those have been digested, the commission will have to decide whether to send the case to the court in Strasbourg.

The court ruled last summer that the human rights of three former British Rail workers had been violated when they were sacked for refusing to join a closed shop.

Compelling the men to join a specific trade union or lose their jobs "struck at the very heart" of freedoms guaranteed by the Human Rights Convention, the court said.

Negotiations have since been going on between the three, their lawyers and the government over the amount of compensation and costs they should receive.

The men are together asking for about £186,000 for their quantifiable damage—including such things as loss of salary, pension rights and concessionary travel—and costs.

In addition they are seeking "moral damages." It has been suggested that these might come within recent proposals by Mr Norman Tebbit, the Employment Secretary, in his trade union Bill, for up to £12,000 compensation for closed shop victims.

The UK Government, whose guarded view is that some progress has been made in negotiations with the railmen, has intimated it "would wish to be generous" to those who have suffered as a result of its predecessor's legislation.

At the same time, it recognises that the settlement with the railmen is bound to be seen as a precedent in any similar cases in the future.

That cautious approach is, no doubt, not unconnected with the fact that a similar case is being considered by the commission.

The railmen's success at Strasbourg prompted the Government to drop its initial opposition to a complaint by six former council workers at Hull.

The six—an archaeologist, a museum attendant and four painters—were sacked in 1978 for refusing to join a closed shop.

The commission is expected to meet the parties in London next month to see if a friendly settlement can be agreed over appropriate compensation.

Rights

As they have found other employment, and were, less well paid than the railmen, their claim is comparatively modest. The final figure could well be in the region of the £12,000 a head proposed by Mr Tebbit.

There is likely to be a hearing at Strasbourg within a few months of complaints about UK rules on prisoners' rights, in particular their right not to have letters censored by prison authorities.

In October 1980 the commission upheld most of the complaints made by a number of prisoners. It ruled that the reasons for censoring most letters were contrary to the convention. It said that, in many instances, the censorship was not necessary in a democratic society to prevent disorder.

The Government has since announced its intention of liberalising prison rules. It is thought unlikely this will make it unnecessary for the human rights court to adjudicate on the prisoners' complaints.

In all, there are more than 100 complaints against the UK lodged with the commission. A large proportion of them stem from immigration laws and procedures.

Two more cases are threatened.

A solicitor has announced his intention of complaining that the UK's legal aid system offends against the convention, and the Friends of the Earth have their eyes on Strasbourg as their ultimate weapon against the planned £190m extension of the M40 from Oxford to the West Midlands.

Their complaint would be based on the argument that the British system of planning inquiries linked to ministerial decisions is a "self-policing exercise" incompatible with the convention.

Drop in merchant fleet tonnage

By Andrew Fisher, Shipping Correspondent

THE BRITISH fleet declined more than 14 per cent in tonnage terms in the first 11 months last year, bringing a renewed call yesterday for more generous tax treatment on investment for UK shipping companies.

The General Council of British Shipping recorded a net loss of 122 vessels amounting to 5.1m deadweight tons in the first 11 months. The UK merchant fleet totalled 1,019 ships of 30.5m dwt at the end of November against a peak of 1,614 ships of 50m dwt six years ago.

Mr Edmund Vestey, council president, said the figures were "extremely worrying."

Even more serious was that so little tonnage was on order. This totalled 1.8m dwt in October, of which only 370,000 dwt was placed in the first nine months of last year.

The council has estimated the cost of the government incentives it is seeking at more than £100m.

The UK fleet is still one of the world's largest and some shipowners see little cause for alarm in the fleet decline. They say uneconomic tramp ships and tankers are being weeded out.

GM picks an American again to run Vauxhall

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS has appointed another American to head its British subsidiary, Vauxhall Motors. He is Mr John Fleming, 51, Vauxhall's director of commercial vehicle operations since March 1980.

Mr Fleming takes over one of the best-paid jobs in the UK motor industry. He replaces as chairman and managing director Mr Ferdinand Beickler, who will return to GM's West German subsidiary, Opel, as managing director.

Vauxhall's 1980 accounts showed Mr Beickler was paid the equivalent of £134,000 compared with the £85,400 Sir Michael Edwardes received from BL and the £73,400 earned by Mr Sam Toy, Ford of Britain's chairman.

Mr Fleming, who graduated from Harvard Business School with a diploma in economic science, joined GM in 1970 from Ford in the U.S. He held various marketing and sales positions with the Oldsmobile division before joining Opel in March 1977 as director of sales.

The appointment of a man with a sales and marketing background to head Vauxhall indicates the company's new direction. Mr Beickler, since his appointment in 1979, supervised the restructuring of the company—the workforce has been cut from 29,000 to under 21,000—and the reshaping of its manufacturing and assembly operations at Luton and Ellesmere Port.

Vauxhall has emerged mainly as an assembler of car kits supplied from Opel, and is concentrating on rebuilding its share of the UK market, only 7.24 per cent last year.

The company hopes to sell 170,000 cars this year and capture about 11 per cent of the market. It aims to lift its penetration to 16 per cent by 1985.

Mr Fleming takes over when Vauxhall, which incurred losses in nine of the past 11 years, has been put on a more secure financial footing.

The losses for 1981 are likely to have reached record proportions—the group reported a first-half loss of £59.88m against a £7.6m loss for the same period of 1980. But an operating profit is predicted for this year and Vauxhall should make a net profit again in 1983.

Men and Matters, Page 16

Shoe maker can set gilt trading loss against tax

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

C. & J. CLARK, the boot and shoe makers, can use for tax purposes a £96,587 loss it sustained from investing surplus cash in the gilt-edged market, a High Court judge decided yesterday.

Mr Justice Nourse dismissed with costs an appeal by the Inland Revenue against a finding by tax commissioners that when Clark bought and sold gilts it was carrying on a separate trading activity.

Accordingly, the company could deduct the loss from its profits for corporation tax purposes.

The Revenue had argued that Clark had been simply temporarily investing surplus money, not carrying on a trade separate from its manufacturing business.

The judge said that in 1976 Clark had a cash surplus of about £1m on which it wanted a better return than the 6 per cent deposit rate then offered by banks.

It approached merchant bankers Schroder Wagg and Company, who suggested investing in the short-term gilts market, indicating that returns of the order of 15 per cent could be obtainable unless interest rates rose steadily across the board. That compared with the six months deposit rate of 8¾ per cent per annum currently being paid by Schroders.

Schroders invested the money for Clark but, due to an unprecedented increase in minimum lending rate from 9 per cent in April 1976, to 15 per cent in October 1976, the gilts market fell sharply, and Clark eventually made a net loss of £96,587.

BASE LENDING RATES

A.B.N. Bank	14 %	First Nat. Secs. Ltd.	17 %
Allied Irish Bank	14 %	Robert Fraser	14 %
American Express Bk.	14 %	Grindlays Bank	‡14 %
Amro Bank	14 %	■ Guinness Mahon	14 %
Henry Ansbacher	14 %	■ Hambros Bank	14 %
■ Arbuthnot Latham	14 %	Heritable & Gen. Trust	14 %
Associates Cap. Corp.	15 %	■ Hill Samuel	§14 %
Banco de Bilbao	14 %	C. Hoare & Co.	†14 %
BCCI	14 %	Hongkong & Shanghai	14 %
Bank Hapoalim BM	14 %	Knowsley & Co. Ltd.	14½%
Bank Leumi (UK) plc	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	Mallinhall Limited	14 %
Bank Street Sec. Ltd.	15½%	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14½%	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Beneficial Trust Ltd.	15 %	Norwich General Trust	14 %
Bremar Holdings Ltd.	15 %	P. S. Refson & Co.	14 %
Bristol & West Invest.	15 %	Roxburghe Guarantee	15 %
Brit. Bank of Mid. East	14 %	E. S. Schwab	14 %
■ Brown Shipley	14½%	Slavenburg's Bank	14 %
Canada Perm't Trust	14 %	Standard Chartered	‖14 %
Castle Court Trust Ltd.	14½%	Trade Dev. Bank	14 %
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	14 %
Cayzer Ltd.	14½%	TCB Ltd.	14 %
Cedar Holdings	14 %	United Bank of Kuwait	14 %
■ Charterhouse Japhet	14 %	Whiteaway Laidlaw	14½%
Choulartons	14½%	Williams & Glyn's	14 %
Citibank Savings	¶15¾%	Wintrust Secs. Ltd.	14 %
Clydesdale Bank	14 %	Yorkshire Bank	14 %
C. E. Coates	14½%		
Consolidated Credits	14 %		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14 %		
Exeter Trust Ltd.	15 %		
First Nat. Fin. Corp.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%. 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of—under £10,000 11¼%, £10,000 up to £50,000 12¼%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11¼%.
§ 21-day deposits over £1,000 13¼%.
‖ Demand deposits 12%.
¶ Mortgage base rate.

Dismay over De Lorean bomb attacks claim

By Our Belfast Correspondent

GOVERNMENT officials in Northern Ireland were yesterday dismayed at a claim by Mr John De Lorean, chairman of the troubled Belfast sports car company, that his factory was attacked by petrol bombers 140 times and his executives fired on by snipers on many occasions.

Mr De Lorean, in an interview in The Times, said he had made a serious mistake in going to Belfast. He had faced a terrible time producing a management team for the factory because Englishmen would not work there.

The Northern Ireland Department of Commerce is deeply concerned about the reported remarks. About 40 U.S. companies are operating in the province and the Government's efforts to attract further investment are clearly not helped by the comments.

Neither the Northern Ireland Office nor the Royal Ulster Constabulary would comment on the accuracy of the claims.

But one security source said Mr De Lorean's remarks were a "colourful exaggeration" of the extent of trouble at the factory. There seems to be no public record of any personal attacks on De Lorean management.

The De Lorean company has lodged a £10m claim for compensation for damage caused by a petrol bomb attack on a portable office building in riots after the death of hunger striker Mr Bobby Sands last May.

Until recently the Government used Mr De Lorean as an unofficial ambassador for the province's investment potential. His latest comments are in stark contrast to his earlier praise of the province as a location for his plant.

The Government is awaiting a report from independent consultants on De Lorean's prospects before deciding whether to assist the company over a cash flow problem caused by the slump in U.S. car markets.

Mr De Lorean's remarks are unlikely to stand him in good stead when he next meets Northern Ireland ministers to discuss the company's future.

The Rev Ian Paisley, the Democratic Unionist leader, yesterday met Mr James Prior, Northern Ireland Secretary, to discuss the 1,100 redundancies announced by De Lorean. Mr Paisley said he would see if EEC aid was obtainable.

New electric vehicles likely soon

By John Griffiths

SEVERAL new electric vehicles, some from large commercial vehicle manufacturers who have not previously declared their interest in "EVs," will be announced this year, says the Electric Vehicle Association.

They are expected to be light commercials which will be "traffic-compatible," meaning capable of speeds of 40-50 mph with acceleration similar to a petrol or diesel van or truck.

They would join what is claimed to be the world's first commercially-produced road going electric lorry, a version of the Dodge-Chloride 50 2½-ton payload truck, manufacture of which began at Karrier Motors' Dunstable plant in December.

Britain's other three volume commercial vehicle makers, Ford, Leyland Vehicles and Bedford, have produced prototype electric vehicles based on the Transit, Sherpa and Bedford CF models.

Most likely candidate for an early announcement is Bedford. It has built 100 prototypes using Lucas drive systems.

As electric vehicle development accelerated, Lucas and Chloride joined forces to produce electric drive systems through a new company, Lucas Chloride EV Systems.

Just under 900 electric vehicles were registered last year, all but 100 of them milk floats.

Whisky industry plans reduced output and some shutdowns

BY GARETH GRIFFITHS

THE SCOTCH whisky industry plans to reduce its output of distilled spirit this year and many distilleries may close for the summer.

The adverse effect of this on employment was one of the main arguments of the Scotch Whisky Association last week in its pre-Budget representations to the Treasury. Distilling capacity is already operating at under 50 per cent.

The distilleries which are often the main source of employment in communities in the Scottish Highlands and Islands are expected to close for three months from May or June. Distilling usage in the first six months of 1981 fell by 38 per cent compared with the same period in 1980. No recovery is expected until 1983.

There has, however, been a slowdown in the loss of jobs at both the distilleries and the bottling plants this year mainly due to sharp reductions in the workforce over the past two years. Industry executives say the fact that most companies control the distilling, the blending and the bottling operations should provide some security for the industry.

The association is anxious to avoid the automatic indexing of duty on whisky to inflation rates.

Mr Donald Mackinlay, the chairman of the association's information committee, said yesterday that any attempt to raise more revenue from spirits at a time of deep recession would be doomed to failure. The Government had failed to meet its target of an extra £118m revenue from the extra duty imposed on spirits in the 1980 budget.

He said that the Government faced a similar shortfall in revenue in the current financial year. Although no Customs and Excise figures are yet available because of last year's Civil Service dispute, trade estimates put the fall last year in whisky sales in the UK at 5-12 per cent.

● Bells, the leading UK whisky brand has told its retailers that it is increasing the price of its whisky by £2.60 a case. This will increase the retail price of Bells by up to 30p a bottle.

Fort William industry plan announced

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish Development Agency yesterday announced a £1.5m industrial development at Corpach Moss outside Fort William in the Highlands.

Fort William was hit by the closure of the Wiggins Teape pulp mill in September 1980 with the loss of 450 jobs, although the paper mill at the same site continues to employ about 450.

Advance factory units are to be built at Corpach Moss in a project involving the agency, the Highlands and Islands Development Board and Highlands Regional Council.

The agency said it had awarded a £440,000 contract to Clachan Excavations and Construction to prepare the 14-acre site for construction.

About 32,000 sq ft may be built at an estimated cost of £1m, with land kept free for tailor-made developments.

Mr Robin Duthie, agency chairman, said the site was vital to bring new industry to the Lochaber district around Fort William. It should attract a range of companies and provide a major boost for the local economy.

Mr Gordon Drummond, of the Highlands and Islands Development Board, said industrial development space near Fort William had been in short supply.

STOCK EXCHANGE BUSINESS IN JANUARY

Equities lead share recovery

BY NIGEL SPALL

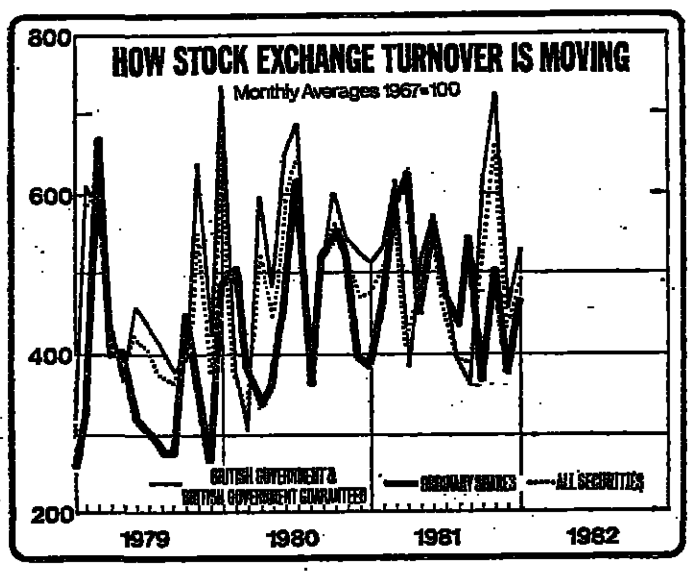
ACTIVITY in all sectors of the London Stock Exchange increased at the start of this year.

A pronounced recovery in business in ordinary shares lifted turnover in all securities to rise by £1.91bn, or 13.6 per cent, to £16.02bn against December's £14.11bn.

The Financial Times Stock Exchange index, for all securities improved in January to 491, marginally above the 1981 monthly average of 486.9.

The general upturn in business during the month was not helped by there being one less trading day in January than in December, but the number of bargains transacted increased by 76,296 to 398,401.

Turnover in the equity sector moved ahead by £0.52bn, or 24.8 per cent, to £2.61bn compared with £2.09bn in December.



Consequently, the Financial Times Turnover index for ordinary shares improved to 465.6 from December's 373.3.

The number of equity bargains rose by 55,634 to 289,523 and the average value per bargain improved to £9,017 against £8,944.

The gilt-edged sector recorded a lesser increase in turnover, which rose by £1.64bn, or 15.1 per cent, to £12.47bn and the number of bargains transacted was 17,265 higher at 79,940.

Longer-dated stocks were more active than short-dated issues with trade in the former category increasing by £0.81bn, or 17.5 per cent, to £5.43bn. Business in the shorts increased by £0.83bn, or 13.4 per cent, to £7.04bn.

The Financial Times Turnover index for Government Securities was 537.7 in January compared with December's 458.3 and the 1981 monthly average of 515.1.

New Year forecasts of slow economic recovery and continuing high interest rates depressed equities at the start of January, but values responded strongly as investors' optimism about interest rates revived.

In the latter part of the month, interest rates in Europe contrasted with U.S. trends and on January 22 the major UK clearing banks cut base rates another ½ per cent to 14 per cent. Markets gained further momentum from Wall Street's heady response to the most favourable U.S. economic indicators since July 1981.

The movement in equity prices was well illustrated by the Financial Times Industrial Ordinary share index which rallied from a low point of 518.1 on January 5 to close the month a net 49.4 points up at 579.8, within 20 points of April's all-time peak.

Gilt-edged had set the tone and the FT Government Securities Index rose from an end-December level of 62.37 to 65.15.

In sharp contrast, gold shares had another poor month reflecting the fall in the bullion price to below $400 an ounce. The gold price touched $372 on January 25 before closing the month $13 down on balance at $387.

The FT Gold Mines Index fell to 265.8 on January 14 before closing the month a net 14 points down at 293.5.

Category	Value of all purchases & sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	7,041.7	44.0	29,546	7.4	352.1	238,332	1,477
Others	5,426.7	33.9	50,394	12.6	271.3	107,685	2,520
Irish Government:							
Short dated (having five years or less to run)	289.2	1.8	1,397	0.3	14.5	207,051	70
Others	214.0	1.3	2,328	0.6	10.7	91,940	117
UK Local Authority	293.7	1.8	3,961	1.0	14.7	74,147	198
Overseas Government: Provincial and Municipal	24.8	0.1	664	0.2	1.2	37,333	33
Fixed interest stock pref. and prefd. ordinary shares	123.1	0.8	20,588	5.2	6.2	5,980	1,029
Ordinary shares	2,610.5	16.3	289,523	72.7	130.5	9,017	14,476
Total	16,023.9	100.0	398,401	100.0	*801.2	*40,220	*19,920

* Average of all securities

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY

Demand and output stay at low level

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

DEMAND and output in manufacturing industry has remained at a low level during the past four months and is unlikely to improve significantly before spring.

Companies in two sectors—chemicals, coal and petroleum products, and metal manufacturing—are doing better generally than other industries. The food, drink and tobacco sector is faring worst compared with last year.

Companies are continuing to make employees redundant in almost all industries, but at a slower rate than last year. Taken together with broadly flat output, these labour cuts mean productivity will continue to rise.

These are the main findings of the Confederation of British Industry's quarterly industrial trends survey, published yesterday.

Based on replies concerning the general state of trade from more than 1,700 companies, the survey was carried out during the first three weeks of last month.

It shows that, although there is little sign of overall recovery, 17 of the survey's 44 individual industrial groups believe demand has been rising. A total of 24 groups expect improvements in the next four months.

The proportion of companies saying that shortages of orders and sales are continuing to limit their output remains above 90 per cent.

Nearly 80 per cent of the companies say that they are working below capacity, even when the major cuts of the past two years are taken into account.

Export orders and deliveries have stabilised, and optimism about sales overseas during the coming year has risen slightly.

Overall there has been a slight improvement in business confidence about prospects at home and abroad. The survey's detailed findings show that 19 per cent of the companies are more optimistic than they were four months ago about their own industries. Another 70 per cent report no change, while 11 per cent are now less optimistic.

Balance

This balance of plus 8 per cent between those more and less optimistic reverses the decline reported in the CBI's previous survey last October when sudden increases in interest rates were worrying companies.

The recovery is extensive across manufacturing industry. Metal manufacturing companies and businesses in chemicals, coal and petroleum are the most buoyant.

Only companies in the food, drink and tobacco group indicate a further decline in optimism.

The balance between companies reporting that they received fewer rather than more orders between October and January, compared with the previous four months, is minus 4 per cent, the best result for two years. But the CBI says that this only indicates a stabilisation of demand, not a general pick-up.

Rising demand is visible in 17 individual industries, notably those in the chemicals-to-petroleum and metal manufacturing areas. Again, the most marked decline is in the food, drink and tobacco group.

For the next four months, forecasts of stabilisation are broadly in line with those last autumn. The largest companies are expecting a slight decline in new orders, having already experienced falls since October.

Levels of order books apparently are continuing to rise, although CBI economists believe that a lot of this reported improvement is caused by companies reducing the levels of orders which they consider to be normal.

The economists' scepticism is supported by answers concerning the length of order books. These show that there has not been any improvement since October 1980. Then, as now, 79 per cent of companies said they had less than four months' of assured production, and only 9 per cent had more than six months' work.

Companies saying they are working below a satisfactory full rate of operation account for 77 per cent of the survey. This is little different from the results last July and October, but is better than the record 84 per cent a year ago. Again, CBI economists are convinced that at least part of this improvement is caused by companies lowering their estimates of what is satisfactory.

The CBI says this reservation is supported by lack of any evidence that output is rising sufficiently to cause a noticable increase in utilisation.

Capacity utilisation has improved among consumer goods manufacturers since last October but has deteriorated for intermediate goods manufacturers.

A virtually netural balance between the proportion of companies saying their volume of output has risen or fallen, suggests that output remained unchanged after October. Best results came from the chemicals-to-petroleum sector and metal manufacturing.

A very slight improvement in the balance is forecast for the next four months. But overall output will remain broadly unchanged, even though rises in output are forecast for 24 individual industries.

The volume of stocks of raw materials, brought-in supplies, finished goods, and work-in-progress are all reported to have declined in the past four months, though generally less markedly than late last summer.

Further declines are predicted over the next four months, again at a more modest pace. But, significantly, the proportion of companies assessing their volume of stocks of finished goods as more rather than less than adequate has remained at the 21 per cent level recorded in October.

"This is in line with the continuing evidence of firms intending to destock and with the continued lack of buoyancy in output expectations," says the CBI.

Shortage of orders or sales are said to be the big factor limiting output in the next four months by 93 per cent of the companies. This is higher than the 91 per cent reported in October, but is less than the record 96 per cent notched up a year ago.

Answers to questions on investment indicate that capital expenditure will start to rise this year but that the level for 1982 will be 5 per cent less than last year. There could then be rapid rises next year, albeit from very low levels after three years of progressive decline, says the CBI.

A balance of 50 per cent of companies say they have reduced rather than increased employees and a balance of 36 per cent expect to shed more jobs by the spring.

This suggests a slight slowdown in the rate of redundancies. But only one industry—leather and leather goods—said it had recruited extra workers since October.

"The decline in employment, coupled with the stabilisation in output, does however continue to point to a marked improvement in productivity (as measured by output per head)," says the CBI.

There are few changes in unit cost inflation, in spite of predictions of rises last October.

Exports

EXPORT QUESTIONS in the survey have been answered by 1,243 companies, which together account for approaching half of Britain's manufactured exports.

There has been a limited improvement in export confidence, especially among companies in the chemicals-to-petroleum group and in electrical engineering. But metal manufacturing companies are now less optimistic than last October. Large companies are also showing less optimism.

With 24 per cent of companies reporting an increase in their volume of new export orders, and 28 per cent reporting a decrease, there appears to have been little change in demand for the second successive quarter.

The proportion of companies which say their volume of export orders is below normal has fallen to 53 per cent, compared with 58 per cent in October and 62 per cent last July. But this improvement may, again, indicate a reduction in the levels regarded as normal.

A balance of 19 per cent of companies say their export prices have risen rather than fallen since October. This is broadly the same result as that recorded in last October's survey and indicates some recovery of export prices from low levels early last year.

But 73 per cent of respondents still expect their prices to be a big constraint in the next four months. This is a lower percentage than was reported in most of 1980 and 1981, but is still higher than at any other time since the question was first asked in 1964.

Industrial Trends Survey No 83, January 1982. CBI, Centre Point, Tottenham Court Road, London WC1. Price £130 a year.

TOTAL TRADE

All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last October. Number of respondents to total trade questions: 1,708.

	More	Same	Less
Are you more or less optimistic than you were four months ago about the general business situation in your industry	19 (14)	70 (63)	1 (23)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	10 (10)	43 (35)	35 (43)	12 (13)
(b) Plant and machinery	27 (25)	40 (35)	32 (38)	2 (1)

	Yes	No	N/A
Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation	77 (77)	22 (22)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	5 (6)	30 (26)	65 (68)	— (—)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	21 (21)	63 (62)	3 (4)	12 (12)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Numbers employed	7 (6)	36 (33)	57 (61)	— (—)	6 (5)	52 (42)	42 (53)	— (—)
Volume of total new orders	25 (22)	44 (44)	29 (32)	2 (2)	20 (22)	62 (56)	16 (20)	2 (2)
of which: Domestic orders	23 (20)	48 (45)	27 (33)	1 (2)	16 (19)	69 (61)	14 (18)	1 (2)
Volume of output	21 (16)	56 (58)	22 (25)	1 (1)	19 (19)	63 (61)	18 (19)	1 (1)
Volume of domestic deliveries	20 (17)	52 (53)	25 (27)	3 (3)	19 (19)	63 (58)	16 (20)	2 (3)
Stocks of: (a) Raw materials and brought in supplies	11 (12)	59 (50)	26 (35)	3 (4)	10 (11)	69 (57)	18 (27)	3 (5)
(b) Work in progress	10 (12)	58 (52)	26 (27)	7 (9)	8 (12)	66 (57)	19 (22)	7 (10)
(c) Finished goods	13 (12)	49 (45)	26 (32)	12 (12)	9 (10)	57 (53)	22 (24)	12 (13)
Average costs per unit of output	48 (46)	44 (45)	7 (7)	1 (2)	58 (60)	35 (34)	5 (4)	1 (2)
Average prices at which: Domestic orders are booked	36 (30)	55 (57)	7 (12)	1 (—)	50 (46)	46 (50)	3 (4)	1 (—)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
20 (19)	44 (48)	10 (9)	3 (3)	1 (1)	2 (1)	1 (1)	19 (18)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
93 (91)	3 (3)	0 (1)	4 (7)	3 (2)	3 (3)	2 (2)

	More than adequate	Adequate	Less than adequate
In relation to expected demand over the next 12 months is your present fixed capacity	58 (60)	39 (38)	3 (2)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

To expand capacity	To increase efficiency	For replacement	Other	N/A
12 (12)	69 (64)	53 (50)	6 (4)	11 (14)

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on proposed investment	Shortage of internal finance	Inability to raise external finance	Cost of finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other	N/A
39 (35)	20 (21)	2 (5)	12 (12)	52 (52)	2 (2)	2 (2)	10 (15)

EXPORT TRADE

Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: 1,243.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	20 (28)	63 (55)	14 (16)	3 (1)

Excluding seasonal variations, do you consider that in volume terms:	Above normal	Normal	Below normal	N/A
Your present total order book is	5 (10)	30 (31)	65 (58)	— (1)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Volume of total new orders	24 (30)	45 (38)	28 (29)	4 (3)	18 (25)	64 (57)	14 (14)	4 (3)
Volume of export deliveries	22 (21)	53 (51)	20 (24)	5 (4)	23 (25)	54 (55)	17 (16)	5 (4)
Average prices at which export orders are booked	28 (30)	59 (55)	9 (12)	4 (3)	40 (39)	51 (49)	4 (8)	4 (3)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
73 (71)	6 (7)	9 (8)	9 (10)	43 (46)	4 (4)

Scottish export difficulties increasing

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SCOTTISH manufacturers are finding increasing difficulties with their exports, unlike the UK as a whole, according to yesterday's quarterly trends published by the CBI Scotland.

Manufacturers reported continued weak demand, destocking, labour-shedding and weak business confidence.

Mr John Risk, CBI deputy chairman, said the trends were as gloomy as any during the past year but there were some signs of encouragement.

The steep decline of the past few years was at an end and there were hopes that this might be the last truly pessimistic confederation survey, he said.

The survey Scotland does not register the activities service sector—which have shown growth. The financial sector and the North Sea servicing sector have shown considerable expansion to offset some gloom in manufacturing.

The survey showed, unlike the rest of the UK, export trends apparently getting more difficult for Scottish companies. There was a growth of pessimism about export prospects for the coming year.

There was a general decline in the volume of new export orders. Companies surveyed said prices compared with overseas competition remained the main limitation to exports with political or economic conditions abroad coming second.

Mr Risk hoped the Budget would be used to try to restore business confidence. He said a lowering of the crippling National Insurance surcharge by 1 per cent was needed to promote investment. He called for a review of the Employment Act which, he said, was preventing people from getting jobs.

Leyland tells strikers survival is at stake

BY NICK GARNETT, NORTHERN CORRESPONDENT

LEYLAND VEHICLES warned yesterday that its cash flow position will be too serious for it to survive even in a slimmed down form—unless its dispute is resolved very quickly.

JCB, the digging equipment manufacturer which takes almost a third of the engines produced at Leyland Vehicles' Bathgate plant in Scotland, largely for its 3CX model, has told the company it must sort out the dispute quickly or it will obtain its engines elsewhere.

Mr Ron Hancock, Leyland Vehicles' chairman, said before today's talks between the company and the unions on the company's plans to restructure its operations on a smaller basis that if the Bathgate dispute is not settled very quickly there will be little point in settling. "Time has run out for us," he said.

However the executive of the Amalgamated Union of Engineering Workers gave the dispute official backing yesterday.

The company, whose manufacturing sites at Bathgate and Leyland, Lancs, and its parts operation in Chorley, have been halted by strikes for almost two weeks, had a cash outflow of almost £30m in January.

Mr Hancock said there was no way the company could shoulder a continuation of that, even for a period of weeks, let alone months. One alternative, he said, would be to implement more severe cutbacks than those which sparked the dispute, if the company's UK market share fell below last year's 16 to 17 per cent, as a result of the stoppage.

The statement by Mr Hancock and other senior Leyland Vehicles' officials might be seen as an attempt to influence the work force and today's meeting. But it also reflects how serious the company now believes the position to be.

The company stressed that it took its decision on the corporate plan without outside interference, that the Leyland site will in no way become a pure assembly plant and that the company would be left with ample capacity to handle any market upturn.

Leyland workers will hold a mass meeting tomorrow on the outcome of the talks. The workers at Bathgate are seeking more investment and removal of the restructuring plant which includes 4,100 redundancies, the ending of tractor making at Bathgate, and the shutdown of production of two of the four engines at the Leyland site, linked to a considerable transfer of work between the plants.

Mr Mick Coyne, chairman of the shop stewards at the Leyland site, said yesterday the workforce did not believe the dispute would be the end of Leyland Vehicles. He repeated that the unions were seeking the retention of all existing manufacture and much higher investment.

BA staff put off Heathrow strike

By Brian Groom, Labour Staff

A THREATENED strike by ramp staff at Heathrow Airport's Terminals One and Two has been deferred while further talks take place with British Airways management.

The ramp workers had threatened to strike indefinitely if anyone was suspended for refusing to accept new working arrangements which were due to begin yesterday.

British Airways has agreed to postpone implementation of the new system, which is part of the airline's survival plan, so that talks could continue. It is believed the deadline is now 5 pm tomorrow.

BA wants to end rostered overtime for the 2,000 ramp workers, to roster them for 40 hours instead of 38½ as at present, to increase their "attendance factor," and to deploy them more flexibly.

This will enable the corporation to release 300 workers who have applied for redundancy, as well as others seeking early retirement.

The workers, however, voted last week to resist the changes.

Protest over supply boats

NORTH SEA unions are to protest to oil operators that foreign flag vessels operating as supply boats in the UK offshore sector are breaking a three-year-old agreement on crew manning levels.

The unions are concerned that foreign vessels without the same manning levels as UK vessels will prove a safety hazard in the North Sea and that such vessels with their lower costs will undercut UK shipowners for contracts.

John Lloyd examines the unions' 1982 review

TUC outlines new deal on economy

Impact of TUC £8.3bn package using Treasury forecasting system*

- Economic growth up 3.7 per cent than on present policies.
- An extra 677,000 jobs created or saved.
- Registered unemployment would fall by 574,000.
- Public sector investment up by 14 per cent. Private manufacturing investment increases by 6.9 per cent.
- Personal consumption would rise by almost 1 per cent.
- Exports of goods and services would be 0.1 per cent higher than on present policies.
- Imports would be 0.6 per cent higher.
- Balance of payments gap £232m lower than on present policies.
- Public sector borrowing requirement £8m lower.
- Inflation rises by 1.1 per cent.

* Figures for end of the first quarter 1983, assuming constant interest rates and the equivalent of 15 per cent import tariff.

THE MOST striking feature of the TUC's 1982 Economic Review is its deliberate alignment of TUC policy and Labour Party policy.

The review offers, in outline, a new deal between the unions and the party which would bring the unions into the centre of economic planning.

It would force them to assume a large part of the responsibility for—in the TUC's phrase—a Medium Term Growth Strategy.

At the heart of the planning process would be a powerful central planning body required to take the "fullest possible input and involvement" from unions and management at company and sector level.

It is seen as building on the tripartite structures at the National Economic Development Council, the Manpower Services Commission and the British Technology Group. The Review makes it clear that it is following Franco/Japanese-style planning with a bit of industrial democracy to make it popular.

However, to the question which a future Labour Chancellor would certainly ask "What will you do about wages?"—the TUC, still, has not much of an answer. The National Economic Assessment, already inserted into Labour Party policy via the TUC-Labour Party liaison committee, is seen as a forum for TUC involvement in all aspects of Government economic planning. Under its aegis, and assuming an effective Price Commission, negotiators are expected to "have regard to the impact of settlements on prices." That is not much for even the most susceptible Chancellor to lean on.

There are obvious reasons why the TUC is not going further. The General Council is deeply split over incomes policy and the nature of an agreement with Labour. Left wingers are against it, and have the support of the Transport and General Workers and a fairly unambiguous Congress resolution.

This may change, but it will not do so quickly: a social contract concluded now would be at least as vague as that which did nothing to moderate wage claims in 1974-75.

That fact alone makes TUC claims for its reflationary package look optimistic (see table), especially where the assumed increase in inflation is held to 1.1 per cent.

Yet the forecast is not merely wishful thinking. For the first time, the TUC has fed its prescriptions through the Treasury model. It has emerged with results which seem dangerously close to that economic impossibility—all benefits with no costs.

However, as the TUC concedes, it is comparatively easy to do the trick once—to do it year after year, is a skill which has eluded UK Governments.

The medium-term programme required to tackle a jobless total which will rise, the review says, to nearly 5m by 1986 — leaving aside the effects of temporary employment measures—needs sustained output growth of some 5 per cent a year. Assuming productivity growth of 2 per cent, that would bring a 3 per cent increase in employment each year.

To obtain this, the medium-term strategy would include:

- A £24bn investment programme in large-scale capital projects, such as sewerage replacement, road construction, railway electrification and council house building.
- The channelling of investment funds into industry through a National Investment Bank and through a revived strategy of "picking winners."
- The establishment of a Foreign Investment Review Agency to halt "the massive outflow of funds overseas."
- A £1.7bn education and training programme to train workers for rapidly changing employment needs.
- General and selective temporary import controls, with import penetration ceilings set by NEDC.

The TUC has taken care that its 1982 review has the aspect of a responsible alternative. It feels it has tested and can vindicate its assumptions on the Government's own economic model. The size of reflation called for is only a billion or two above figures bandied about by some Tory "wets." It only requires a Labour Government to put flesh on its numerical bones. However, it is the none-too-secret fear of many on the TUC's General Council that, because of the actions of others less responsible than themselves, such a Government may be further off than the next election.

Burmah pledge on Croda talks

BY BRIAN GROOM, LABOUR STAFF

INFORMAL DISCUSSION yesterday appears to have taken some of the heat out of the disagreement between Burmah Oil and the Association of Scientific, Technical and Managerial Staffs (ASTMS) over disclosure of information about Burmah's takeover bid for Croda International.

Mr Roger Lyons, ASTMS national officer, said he had been assured that Burmah would honour the union's bargaining and recognition rights at Croda.

Clarification of the confused legal position is unlikely before meetings at ASTMS headquarters on Friday of representatives at Croda, Burmah and Burmah's Quinton Hazell subsidiary.

ASTMS may decide to put pressure on pension funds and insurance companies who own or manage shares in Croda—and in which union members' money is involved — not to accept Burmah's bid without comprehensive information about its plans. The offer closes tomorrow but it may be extended.

The union seems uncertain about its precise rights under the new Transfer of Undertakings (Protection of Employment) Regulations 1981, and whether or when it could go to an industrial tribunal or seek an injunction.

It appears more confident that the new regulations give the union rights to information and consultation about Burmah's proposed divestment of Quinton Hazell. A letter explaining this to the company has been prepared, and may be sent today, depending on the contents of a letter from Burmah.

Hoover men oppose jobs for women

TOKEN STOPPAGES were staged by men working at Hoover's washing machine plant, Merthyr Tydfil, South Wales, yesterday, in protest at the introduction of a scheme opening up all working areas of the factory to women, writes **Robin Reeves.**

The scheme was drawn up after the intervention of the Equal Opportunities Commission. Women at the factory had claimed that they were due to suffer a disproportionate share of planned redundancies.

Pending the introduction of yesterday's "non-sex discriminatory working arrangements," Hoover suspended its redundancy proposals. But it is expected to bring them forward again shortly.

Polish visit call by Welsh miners

SOUTH WALES miners' leaders have asked the Polish Embassy in London to allow a fact-finding delegation to visit their Polish counterparts.

£3 hourly rate for engineering site workers

By Our Labour Editor

WORKERS in the engineering construction industry will receive an hourly rate of £3 following an agreement yesterday in the industry's new National Joint Council.

The rate, backdated to January 4, was agreed following a debate within the council on how much of the new rate would be "new money," and how much consolidation of second-tier payments.

It was agreed that 5p would be consolidated. There would also be a 6.5 per cent rise in holiday pay for the industry's 40,000 manual workers.

The rate is already being used by unions in the rest of the construction industry as a benchmark for other building workers. The unions have announced a claim for a "substantial" increase and will try to use the engineering rate as a lever on employers at forthcoming talks.

The engineering rate was pitched relatively high to compensate workers in the industry for the loss of many second-tier payments under new regulations.

Pay and closed shop 'may trouble chemical industry'

FINANCIAL TIMES REPORTER

THE CHEMICAL INDUSTRY could be hit by industrial action over a number of issues, including pay and the closed shop, Mr David Warburton, national industrial officer of the General and Municipal Workers' Union said yesterday.

He spoke to 59 delegates representing 140,000 workers at the GMWU national chemical conference at Wallsend, Northumberland.

"We have reached the crossroads in our relations with the employers' association and the Government," he said.

"If our pay claims are cast aside he will not accommodate any easy compromise. If the employers tear up our closed-shop agreements we will fight them. If ICI, BP, Albrights, BOC, Unilever and th erest seek major job cuts wew ill resist them."

The union is preparing an action programme that may affect production of plastics, drugs, oil, industrial gas and paint. It could hit other industries, including cars

Barclays deal with union

BARCLAYS BANK and the Banking, Insurance and Finance Union (Bifu) have initialled a draft agreement on negotiating procedures for issues not covered in national negotiations, writes Brian Groom. The previous agreement lapsed in 1978 when Bifu withdrew from the staff council.

The bank is trying to reach a parallel agreement with the rival Barclays Group Staff Union, part of the non-TUC affiliated Clearing Bank Union, so that it can formalise its procedures with both groups.

The draft agreement avoids the question of arbitration. Binding, unilateral arbitration, which used to be a prominent feature of the banking scene, has largely disappeared.

Bifu is discussing with Williams and Glyn's a new agreement to replace one ended by the bank, and which involved unilateral arbitration.

APPOINTMENTS

Group treasurer for TKM

Mr Ian D. Cuthbert has joined TOZER KEMSLEY AND MILLBOURN (HOLDINGS) as group treasurer designate. He will succeed Mr W. H. Maclver who is due to retire in the middle of the year after 36 years' service with the group.

★

Mr John H. Bushell, a director of J. Henry Schroder Wagg and Co., has been appointed a non-executive director of LONDON SHOP PROPERTY TRUST.

★

Mr Ian B. Blackwood has been appointed director-designate of OIL COMPANIES INTERNATIONAL MARINE FORUM, London, from March 1. He will be taking over as director from Mr John Keates on November 1. Mr Blackwood has been with Esso since 1954. From 1970, he was marine manager of Esso Europe Inc. and for the last three years has been working for the Exxon Corporation in New York.

The Oil Companies International Marine Forum was founded in 1970 as a voluntary association of oil companies to encourage and promote the safe transport of oil by sea and the prevention of pollution from tankers and terminals.

★

Mr Trevor E. Entwistle will cease to be joint managing director of ELECTRONIC RENTALS GROUP from February 28. He will be pursuing other business interests but will be remaining as a non-executive director.

★

Mr Peter Williams, senior partner in Wheawill and Sudworth, chartered accountants, Huddersfield, has been appointed a non-executive director of LAMBERT HOWARTH GROUP.

★

INFORMATION TRANSFER has appointed Mr Roger Mann as a director.

★

Mrs Georgina Andrews has been appointed a director of S. SIMPSON. She has been a director of the retail subsidiary company, Simpson (Piccadilly), since January 1977.

★

Mr Alan Siddall has been appointed an assistant general manager in the domestic banking division of WILLIAMS AND GLYN'S BANK, based in the bank's regional office in Manchester.

★

Mr Jack Alfred Dunn has been appointed from March 1 a regional director of the southern regional board of LLOYDS BANK under the chairmanship of Lord Beeching. Mr Dunn retired in November 1981 as general manager, management services division of the bank.

★

Mr R. J. M. Williams has been appointed general manager of ORIENTAL CREDIT, a Bank of England licensed deposit taking bank with head offices in the City of London.

★

Mr S. V. Robinson has retired as a director of RANKS HOVIS McDOUGALL.

★

Mr Harry Cook has been appointed chairman of council of THE INSTITUTE OF ADMINISTRATIVE MANAGEMENT in succession to Mr Neil J. Inkley. Mr Cook is a personnel and public relations consultant.

★

FEDERATED INSURANCE COMPANY has appointed Mr Paul Cranny as chief underwriting manager from February 1.

★

Mr John G. McCarthy Jr has been elected senior vice-president in the London office of RUSSELL REYNOLDS ASSOCIATES INC. He will continue to be in charge of the company's Middle East operations.

★

Mr Russell Taylor has been appointed marketing director of DYNO-ROD.

★

Mr E. C. Prentice, a director since 1958, has been appointed vice-chairman of the EXPANDED METAL COMPANY. Mr Jeremy Beasley has relinquished executive responsibility for Press Bat, an operating subsidiary but continues as its chairman and as a non-executive member of the group board. Mr Alexander Orr will be appointed to the board as group finance director on March 1 in place of Mr Neil Butterworth who is leaving to start in business on his own account.

Mr Alec Meredith, formerly joint managing director of Expanded Metal Company (Mfg), the main operating subsidiary, is now sole managing director of that company. Mr Michael Clarkson, who was the other joint managing director, has become responsible for group corporate planning.

Mr Peter Madderson and Mr Douglas Weygang will be appointed directors of the Expanded Metal Company (Mfg). Mr Madderson as marketing director from April 1. Mr Weygang, until recently marketing director of Bowater-Hills, has become general manager of Industrial Building Components, a subsidiary formed recently to exploit more widely the company's expertise in the door and partitioning field.

At Press Bat Mr Rodney Daffern has been appointed managing director.

★

Mr J. Plé, Mr J. W. Symons and Mr R. G. S. Forrester have been elected to the board of GILLETTE INDUSTRIES and Mr C. Deering and Mr R. Derwent have been elected to the board of Gillette UK.

★

Mr M. C. Harrison has been appointed a director of HEAVY TRANSPORT (ECC).

★

Mr Ernest K. Jacquet has been appointed as a director of LAWRENCE-ALLISON (part of the Trafalgar House Group).

Doubts cast on Prior's ability to woo SDLP

By Our Belfast Correspondent

DOUBTS were cast yesterday over the ability of Mr James Prior, Northern Ireland Secretary to win the agreement of the mainly Roman Catholic Social Democratic and Labour Party to his devolution plan for Northern Ireland.

Mr Seamus Mallon, SDLP deputy leader, said optimism about Government efforts towards a political solution should be tempered with great caution.

He said Mr Prior appeared to base his plans on what was essentially the Unionist report to the Northern Ireland Constitutional Convention, a solution rejected by the Conservative and Labour parties, by the Irish Republic and by the SDLP.

From talks Mr Prior had with the Official Unionist Party on Monday, it emerged that he wanted an elected Assembly to which powers could gradually be devolved when the Assembly voted—through a system of weighted majorities—to accept those powers.

Mr Mallon said the SDLP was fundamentally opposed to any system that relies on the "grace and favour of Unionist parties to recognise the existence of the minority community."

He said Mr Prior's proposals reduced *the Anglo-Irish content* to an optional extra which might, or might not, develop at the whim of whatever Unionist group claimed majority support.

There was no evidence that a parliamentary tier to the Anglo-Irish Council would be set up. Failure to pursue this step would mean the Government's attempt to find a solution would again founder because it did not recognise the legitimate claims of the minority.

Mr Prior is running deeper into the minefield of Northern Ireland politics in this latest, and perhaps final, rounds of talks with political leaders

The Official Unionist Party is sticking to the report of the Northern Ireland Convention and seems unprepared to go as far as Mr Prior would like

Thatcher selective in praising Pym

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER yesterday praised the speech by Mr Francis Pym, Leader of the House, in which he said that in the short term living standards could only fall.

It was noticeable, however, that Mrs Thatcher was extremely selective about which parts of the speech she approved, and that she studiously avoided endorsing Mr Pym's more pessimistic remarks.

She praised the passage in which Mr Pym emphasised the need for competitiveness and the production of the right goods for the right markets.

"It is so good I might have written it myself," she declared to Labour jeers of disbelief.

Mr Norman Tebbit, Employment Secretary, challenged on the Pym speech, stressed the *signs of underlying improvement* which he detected in the economy.

Mr Tebbit said the Government had to continue with its present strategy and could not reduce unemployment by "waving some magic wand."

He was "at one" with Mr Pym *in saying there was "no slick,* easy solution to reduce unemployment overnight," and that we had to hold down wage costs and improve competitiveness.

Speaking to the Allied Brewery Traders Association on Monday Mr Pym, one of the leading Cabinet "wets" predicted that "for some time to come we shall face a struggle just to hold on to something like our present living standards."

Mr Pym is the minister responsible for co-ordinating the Government information services and thus for projecting its image to the electorate.

The reactions to the speech came in the Commons yesterday during Employment Question Time and questions to the Prime Minister.

Mr Michael Foot, leader of the Opposition, asked Mrs Thatcher to comment on this "remarkable speech." He wanted to know whether it was an official statement of Government policy, and if the figures on which it was based had been before the Cabinet meeting on *the Budget last week*.

The Prime Minister said Mr Pym had made an "excellent" speech. It was so good she wished to quote from it.

She then gave the passage stating: "This Government is fully committed to a long-term economic recovery that can be sustained and the restoration of our ability to compete with and to beat our overseas rivals.

"The Conservative Party has never shrunk from such challenges in the past."

Mr. Foot intervened, to remind her that Mr Pym had also said there would be no early reduction in unemployment and that living standards were bound to fall.

The Prime *Minister* retorted that she had said something similar herself. An increase in output came first and a reduction in unemployment followed—but some time afterwards.

"There is nothing very new about it," she insisted.

But Mr Foot wanted to know why, in that case, the Daily Telegraph had given such prominence to Mr Pym's remarks.

"Because it was a very good speech," retorted the Prime Minister sharply.

Dr David Owen, the Social Democrat's parliamentary leader, said we had been told that living standards would *fall* but he wanted to know when Mrs Thatcher thought they would rise.

The Prime Minister told him that this would only happen when Britain earned higher living standards by selling its goods and services.

"I cannot predict precisely when that will be," she added. "It will depend upon the performance of industry."

During Employment Questions Mr Tebbit agreed that long-term unemployment was an extremely serious problem.

But he said the country should take heart from the fall in short-time working, the increase in overtime, the fact that unemployment was rising more slowly, and that more jobs were being created now than 12 months ago.

Tory revolt threatens sick pay proposals

By Margaret Van Hattem, Political Staff

A RIGHT-WING Tory revolt against Government attempts to raise £50m a year by making employers liable for national insurance charges on sick pay yesterday raised the prospect of an embarrassing Government defeat on the Social Security and Housing Benefits Bill.

Six of the eight Tory backbenchers on the standing committee considering the Bill pushed through an amendment which would cut the total revenue raised by the Bill from £90m to £25m.

The amendment, drafted by Mr Richard Shepherd, was carried by 15 votes to seven.

Mr Hugh Rossi, the Social Services Minister, denounced the amendment as an administrative nightmare which could backfire badly on small employers. *The boost to their* administrative costs might well outweigh any savings, he said.

***He indicated that the Gov*ernment would be reluctant to accept the amendment and Government whips would assess whether it could be reversed when the Bill was returned to the floor of the Commons.**

The proportion of backbenchers supporting the amendment yesterday indicates that such attempts could meet powerful resistance.

Employers unable to afford sick pay do not now pay *national insurance charges for* absent employees. Under the disputed clause they would have to do so. This would enable the Government to raise an annual £35m from national insurance contributions and £15m from national insurance surcharges.

The amendment, as well as exempting employers from *these charges, would also* reimburse employers their contributions paid in respect of employees receiving full pay when sick. This would cost the Government an additional £15m.

Mr Rossi, opposing the amendment, said the savings, averaged out, would represent an annual £3 to £5 per sick *worker. But small businesses,* employing only 16 per cent of the workforce, would receive only £10m—the main benefit would be "a £55m windfall" to big companies.

He accepted that many small businessmen favoured the amendment, but was confident they would change their minds when they realised the *full extent of the paperwork* involved.

Mr Shepherd said the amendment was designed to protect the liquidity of small businesses and to stimulate employment. Mr Rossi, while greatly exaggerating the administrative costs, had addressed neither of these points, he said.

The amendment *was sup*ported by the CBI, the Small Business Bureau and the Federation of Self-Employed and Small Businesses.

Government drops penalty clause in Heseltine rates Bill

BY ROBIN PAULEY

THE GOVERNMENT finally backed down yesterday in its latest attempt to introduce legislation to control council spending.

The most controversial clause in the Local Government Finance (No 2) Bill will be withdrawn and the Government will make no attempt to penalise individual councils for overspending targets after the start of the 1982-83 financial year.

The "super holdback" clause would have allowed the Government to withhold grants after March 31 each year while forbidding councils from making up the loss through supplementary rates.

Amendments will also be *introduced to ensure that the* Government will have to announce befor the start of each financial year all principles for *withholding grants as penalties.* year.

The Government also announced that amendments will be introduced later to clear up some of the uncertainties created by the Law Lords' ruling about London Transport finances and the GLC supplementary rate illegally levied to finance it.

The amendments will deal with problems such as whether a rate precept can be partially illegal or whether the whole precept is *automatically void if* part of it is declared invalid.

The change to the penalty provisions represents an *unusual victory because it is* the result of the combined efforts against the Treasury of the Association of County Councils, three Conservative members of the Commons committee examining the Bill, and Mr Michael Heseltine, Environment Secretary. Leaders from individual

Treasury ministers held out as long as possible for retention of the power to intervene after the start of the financial year because an overshoot of *targets of about £1bn is widely* expected.

In the end it had to concede because the alternative was the certainty of being blamed for an inevitable Government defeat in the Commons.

Frantic telephone consultations throughout Monday confirmed that there was no hope of the committee approving the clause. Mr Robin Squire (Hornchurch), Mr Michael Shersby (Uxbridge) and Mr Tony Durant (Reading North) were adamant that they would combine to defeat the Government *if the change* was not made.

Mr Tom King, Local Government Minister, told the committee yesterday: "I can give a specific assurance that we do not intend to operate a differential holdback scheme in England of any greater severity than that already announced on December 21."

This means that councils can budget for 1982-83 in the certain knowledge that no specific extra penalty will be imposed on them *individually.*

"I hope this will give greater certainty to local government. The fact that there will be no super holdback scheme in 1982-1983 means it would be quite unnecessary for authorities to rate-up against that particular contingency in finalising their budgets. I hope Treasurers will take note of that point," Mr. King said.

The change does not technically preclude the possibility of a general holdback operating *equally against all councils after* March 31.

Mr Gerald Kaufman, leading for the Opposition, congratulated Mr King on winning an important battle with the Treasury.

"We are now faced with the Government's eighth thoughts about what to do and in effect we have the Local Government Finance (No 3) Bill to debate.

"We are still very much opposed to the Bill but it would be churlish not to say we wel*come this assistance* to local government in the form of a major concession."

Miners congratulated on 'snub to Scargill'

BY IVOR OWEN

MINEWORKERS were praised by **Mr John Moore**, Under Secretary for Energy, in the Commons last night for rejecting brinkmanship and voting to accept the 9.3 per cent average pay increase offered by the National Coal Board.

In carefully chosen words and without naming any individual he suggested that the snub administered in last month's pithead ballot to Mr Arthur Scargill, who will take over the national presidency of the NUM in April, will need to be repeated in order to ensure the future prosperity of the industry.

Mr Moore, moving the Second Reading of the Coal Industry Bill, which enables the borrowing limit of the NCB to rise from the present £4.2m to a maximum of £5m, stressed that falling home sales and declining revenue from coal exports had produced a "worrying picture."

He emphasised that whatever level of support was provided by the Government only those working in the industry could determine its future.

Mr Moore stated: "They can choose an industry which is steadily building up its economic strength, expanding its market, and offering more job opportunities in the future.

"Or they can choose an industry which is dependent on subsidies from the tax payer, and which is steadily pricing itself out of markets and so condemning itself to stagnation and decline, with all that implies for the future of those who work in it."

Mr Moore told MPs: "Happily there is every sign that the industry has chosen the wiser course."

Pointing to the need to maintain the same approach in future he declared: "This choice, of course, cannot be made once and for all. It must be carried through into action, and renewed *each time the* industry comes to a crucial decision."

Mr. Moore identified the *mounting level of coal stocks* as a major area of concern.

By the end of the current financial year undistributed stocks were likely to total nearly 24m tonnes compared with 12.1m at the end of March 1979.

This increase in stocks had to be financed and had resulted in large increases in the board's needs for working capital, with an inevitable consequential effect on interest charges, which were likely to be over £360m this year.

Nevertheless, Mr Moore reaffirmed the Government's belief that the coal industry had *a bright future.*

New markets, including its use as petro-chemical feed stock, as substitute natural gas and in the longer term as a source of liquefied petroleum, *were dependent on coal being* competitive.

He emphasised: "To win them coal must show itself to be more efficient, more reliable and more attractively priced than the other ufels that are compet*ing for these markets.*

"We believe coal can do it, and that is why the Government is willing to commit this large amount of money."

Welcoming the Bill for the Opposition, **Mr Alex Eadie** underlined the importance of *providing the finance needed* for new investment in the industry.

The neglect of 15 years could not be removed in five or six years, he said.

Mr Eadie cited the example of the new Selby coalfield where investment of betwen £2m and £3m a wek was needed in order to facilitate production, which it was hoped would be running at the rate of 10m tonnes a year by the end of the decade.

The act of humanity that haunts Ian Paisley

Margaret van Hattem reports on Belfast's 'Kincora Scandal'

SEVEN OR EIGHT years ago, just as his Democratic Unionist Party was beginning to emerge as a political force to be reckoned with, the Rev Ian Paisley committed what, to English eyes, might appear an uncharacteristically humane act.

He refused to refer to the authorities accusations of homosexuality — homosexual acts between adults are still a *criminal offence* in Northern Ireland — against an old acquaintance prominent in Ulster Loyalist circles.

This year, when the British Government is poised for yet another political initiative in the province, and the recalcitrant Mr Paisley, now the most powerful single Ulster politician, poses one of the biggest challenges to the process, that long-buried act has come back *to haunt him.*

It has brought his name into a major scandal, involving others in charges of homosexual prostitution, paedophilia and official cover up, which has received wide coverage in Protestant as well as Catholic newspapers in recent weeks.

For Mr Paisley, who has built much of his political career on his position as leader of a highly puritan Presbyterian sect, and who in 1979 foiled Government attempts to liberalise the province's law on homosexuality and bring it into *line with the rest of the UK,* by leading a campaign under the banner "Save Ulster from Sodomy" the affair is acutely embarrassing.

But in a year when the Government is planning elections to a new Northern Ireland Assembly, it also threatens significant damage at the polls.

That the affair, known as the "Kincora Scandal," should erupt at this crucial point, having lain dormant for years, has not surprisingly led some of *Mr Paisley's supporters to suspect* a conspiracy.

But the events were set in motion long before the present political initiative was dreamt of. The pivotal point was the conviction and jailing last December of three men, formerly members of staff at the Kincora Boys' Home in East Belfast, for homosexual offences against the *boys in their care over a 15*-year period.

The case was opened in January 1980 by the then *Under Secretary of State* for Northern Ireland, Mr Michael Alison, following police investigations into a newspaper report of abuses at the home. As a result of the convictions, the present minister, Mr John Patten, decided on January 5 this year to open an independent inquiry *into the affair* and its implications for children in care.

By the time the inquiry was announced ten days later, the affair was already the subject of widespread attention, largely due to a series of articles in the Irish Times.

These claimed that complaints about the home lodged by social workers in the mid-1970s were repeatedly ignored and that detectives in the Royal Ulster Constabulary had been prevented from investigating further complaints.

More recently, the paper has drawn attention to the close personal and political links between one of the convicted men and some of Mr Paisley's political associates.

Last week, the spotlight focused more sharply on Mr Paisley when both a former mis*sionary in his church* and the Rev Martin Smyth, leader of the Orange Order, publicly claimed they had approached *Mr Paisley in the mid-70s* informing him of the man's homosexuality and asking him to refer the matter to the authorities.

Mr Paisley reacted swiftly. He called a Press conference, at which he confirmed that he had known the convicted man for many years, had suspected him of being the head of an extremist Protestant *group, and* that he had been told of the man's homosexuality.

But, he insisted, he had no proof, and did not know that the man was employed at Kincora.

The next day, Mr Paisley tabled a motion in the Commons, calling for a full scale judicial inquiry *into* the affair.

He can confidently expect, however, that his request will be ignored because the Government is firmly committed to the independent inquiry, to which *Mr Paisley is* expected to give evidence in Belfast later this week.

At no stage has it been suggested, or even hinted, that Mr Paisley was directly involved in the affair.

But his admission that he refused to act on charges, however unsubstantiated, of what *is criminal* behaviour in Northern Ireland, is likely to provoke more questions into his role as leader of Ulster's own moral majority.

It would be the supreme irony if Mr Paisley, who has weathered so many political setbacks, including the failure of his Day of Action against the Anglo-Irish talks last year and his recent trip to North *America*, were to be hoist by his own puritanical petard.

Paisley: affair threatens damage at the polls

Smyth: publicly claimed to have asked for the authorities to be told

Patten: decided to open an independent inquiry

BNOC objected to split

BY PETER RIDDELL, POLITICAL EDITOR

MR NIGEL LAWSON, the Energy Secretary, for the first time publicly acknowledged yesterday that the board of the British National Oil Corporation disagreed with the Government's proposal to split its operational and production side from its trading activities.

Speaking in the Committee Stage of the Oil and Gas (Enterprise) Bill Mr Lawson claimed that he had unanimous co-operation, and public support from the chairman of BNOC, on the structure of Britoil, its oil exploration and production business, in which shares are to be sold to the public.

Mr Lawson stressed that in line *with usual practice* the Government directors of BNOC had not voted on the issue.

After five hours of sittings the committee has made little progress on the Bill, and has still not voted on the first amendment on Clause 1 of the 35-clause Bill.

Labour MPs and Mr Gordon Wilson for the Scottish Nationalists pressed Mr Lawson in particular on the proposal to permit 51 per cent of shares in Britoil to be sold to the public. They expressed worries about loss of Government control and a *possible increase in foreign* influence.

Mr Lawson said he hoped that after the offer the shares would be held "as widely as possible."

The Articles of Association of Britoil would ensure that however *small the* Government shareholding it would have a veto over control of the company and could ensure that it remained in British hands.

NOTICE OF REDEMPTION

to the holders of

GENERAL MILLS FINANCE N.V.

(now General Mills, Inc.)

8% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN THAT pursuant to the provisions of the Indenture dated as of March 1, 1971 among General Mills Finance N.V., General Mills, Inc., as Guarantor, and Bankers Trust Company, as Trustee, as supplemented by a First Supplemental Indenture dated as of May 15, 1974, $822,000 principal amount of the 8% Guaranteed Debentures Due 1986 have been *selected for redemption on March 1, 1982 through the operation of the mandatory Sinking Fund.* The numbers of the Debentures selected for redemption are as follows:

M104	1148	2095	4331	6349	7628	9087	10516	11856	13249	13679	14315	16371	17570	18775	21412	23200	23645
112	1171	2097	4379	6376	7643	9270	10522	11857	13250	13680	14334	16372	17634	18787	21457	23203	23666
154	1178	2117	4385	6387	7663	9274	10596	11910	13272	13696	14341	16541	17673	18788	21475	23214	23668
162	1201	2128	4388	6480	7689	9282	10653	11913	13276	13705	14343	16544	17710	18789	21522	23216	23669
175	1202	2139	4392	6553	7690	9380	10665	12002	13297	13706	14356	16549	17788	18804	21565	23229	23670
287	1242	2152	4463	6560	7703	9382	10666	12043	13301	13727	14364	16554	17852	18805	21583	23252	23684
318	1257	2184	4576	6561	7736	9490	10679	12047	13321	13729	14393	16572	17907	18813	21621	23253	23697
340	1261	2185	4605	6569	7737	9514	10692	12134	13325	13730	14398	16595	17975	18862	21663	23274	23713
371	1270	2196	4633	6575	7745	9546	10704	12243	13338	13743	14421	16596	17988	18927	21719	23280	23716
410	1285	2213	4694	6610	7756	9579	10706	12298	13342	13751	14438	16608	17993	18940	21798	23288	23718
531	1286	2278	4702	6634	7760	9582	10724	12338	13344	13787	14444	16611	17996	19227	21807	23302	23719
535	1316	2308	4711	6636	7820	9691	10725	12339	13345	13791	14446	16647	17997	19309	21831	23311	23728
569	1317	2309	4718	6646	7835	9746	10757	12343	13368	13804	14489	16676	18037	19356	21856	23340	23733
586	1319	2313	4738	6667	7838	9749	10762	12344	13373	13805	14490	16731	18038	19476	21900	23341	23743
619	1320	2334	4739	6685	7879	9804	10779	12361	13384	13810	14491	16732	18053	19491	21912	23377	23756
643	1328	2343	4744	6687	8017	9865	10868	12412	13386	13816	14492	16763	18072	19521	21916	23390	23772
656	1335	2347	4753	6718	8019	9893	10878	12422	13393	13832	14493	16774	18090	19562	21933	23391	23773
658	1337	2446	4796	6737	8031	9895	10899	12479	13398	13839	14505	16806	18099	19652	21934	23401	23782
659	1343	2488	4828	6738	8037	9912	10966	12480	13406	13849	14548	16832	18112	19688	21935	23410	23793
660	1356	2530	4834	6747	8042	9920	10967	12498	13407	13866	14707	16880	18132	19879	22009	23411	23800
661	1357	2531	4931	6753	8078	9921	10973	12500	13410	13877	14719	16892	18150	20002	22019	23412	23806
707	1475	2677	4955	6778	8120	9951	11021	12556	13425	13882	14745	16915	18157	20020	22053	23414	23824
732	1526	2679	4968	6780	8164	9999	11117	12611	13430	13888	14771	16916	18168	20061	22061	23433	23828
764	1538	2696	5077	6782	8166	10045	11121	12615	13445	13914	14797	16926	18176	20083	22092	23443	23832
777	1551	2862	5103	6783	8225	10064	11301	12620	13463	13918	14875	16942	18205	20404	22104	23444	23857
782	1552	2913	5224	6828	8422	10072	11302	12658	13473	13931	14935	16946	18225	20501	22148	23456	23861
808	1603	2920	5289	6872	8489	10100	11326	12662	13480	13934	14954	16998	18256	20542	22153	23483	23880
809	1612	3030	5322	6879	8546	10119	11337	12673	13512	13935	15178	17014	18299	20544	22640	23490	23881
884	1620	3096	5345	6935	8625	10122	11388	12677	13522	13953	15185	17017	18313	20619	22814	23502	23893
886	1627	3159	5444	6944	8626	10129	11416	12682	13531	13971	15363	17039	18332	20666	22860	23506	23894
888	1660	3175	5666	6975	8637	10163	11420	12732	13536	13977	15388	17049	18355	20728	23002	23514	23901
937	1683	3389	5689	7040	8647	10165	11440	12821	13541	13984	15402	17092	18370	20759	23003	23519	23903
938	1705	3535	5734	7361	8766	10180	11441	12893	13572	14011	15422	17113	18399	20787	23016	23520	23909
942	1750	3751	5780	7364	8788	10234	11465	12902	13581	14100	15428	17151	18401	20846	23031	23528	23922
955	1759	3756	5793	7375	8789	10258	11469	13000	13587	14110	15479	17165	18438	20891	23037	23543	23958
960	1782	3759	5874	7432	8793	10263	11475	13022	13590	14141	15542	17182	18441	20921	23043	23564	23967
989	1810	3780	6030	7453	8810	10325	11517	13083	13609	14142	15570	17272	18464	20961	23055	23572	23976
1005	1824	3777	6071	7486	8811	10326	11533	13116	13610	14143	15708	17324	18465	21020	23093	23575	23998
1006	1825	3825	6076	7495	8814	10362	11541	13118	13627	14160	15731	17424	18631	21021	23116	23592	23999
1080	1828	3826	6212	7498	8856	10396	11553	13119	13640	14161	16047	17434	18644	21023	23129	23603	24000
1084	1853	3910	6231	7538	8874	10431	11571	13125	13645	14186	16102	17441	18673	21042	23131	23626	
1128	1891	3917	6269	7539	8994	10435	11584	13162	13649	14192	16161	17455	18695	21107	23133	23629	
1129	1931	4226	6274	7551	8999	10449	11606	13164	13656	14253	16168	17467	18713	21255	23136	23630	
1139	1980	4261	6282	7591	9024	10462	11610	13227	13657	14266	16232	17504	18745	21356	23159	23631	
1144	1988	4322	6287	7598	9047	10470	11729	13242	13659	14267	16299	17548	18766	21399	23189	23635	
1145	2084	4328	6310	7627	9084	10497	11836	13243	13663	14276	16334	17589	18771	21400	23190	23642	

Debentures herein designated for redemption will become due and payable at 100% principal amount thereof in U. S. Dollars at the office of Bankers Trust Company, Corporate Trust Division, One Bankers Trust Plaza, New York, New York 10006 and at its office in London, Dashwood House, 69 Old Broad Street or at the option of the holder, at the main office of Citibank, N.A. in Frankfurt/Main, the main office of Banque de Paris et des Pays-Bas in Paris and the main offices of its affiliates in Amsterdam, Brussels and Luxembourg, and the main office of Banca *Commerciale Italiana in Milan, upon presentation and surrender of said* Debentures accompanied by all coupons appertaining thereto maturing after March 1, 1982. Payment outside New York City will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in New York City. Coupons maturing March 1, 1982 or prior thereto should be detached and presented for payment in the usual manner. *On and after March 1, 1982,* interest on the Debentures herein designated for redemption shall cease to accrue. All payments are subject to receipt of the necessary funds.

Debentures selected for redemption on March 1, 1978 which have not been presented for payment are:

M17608

GENERAL MILLS FINANCE N.V.

(now General Mills, Inc.)

by Bankers Trust Company, Trustee

DATED: January 29, 1982.

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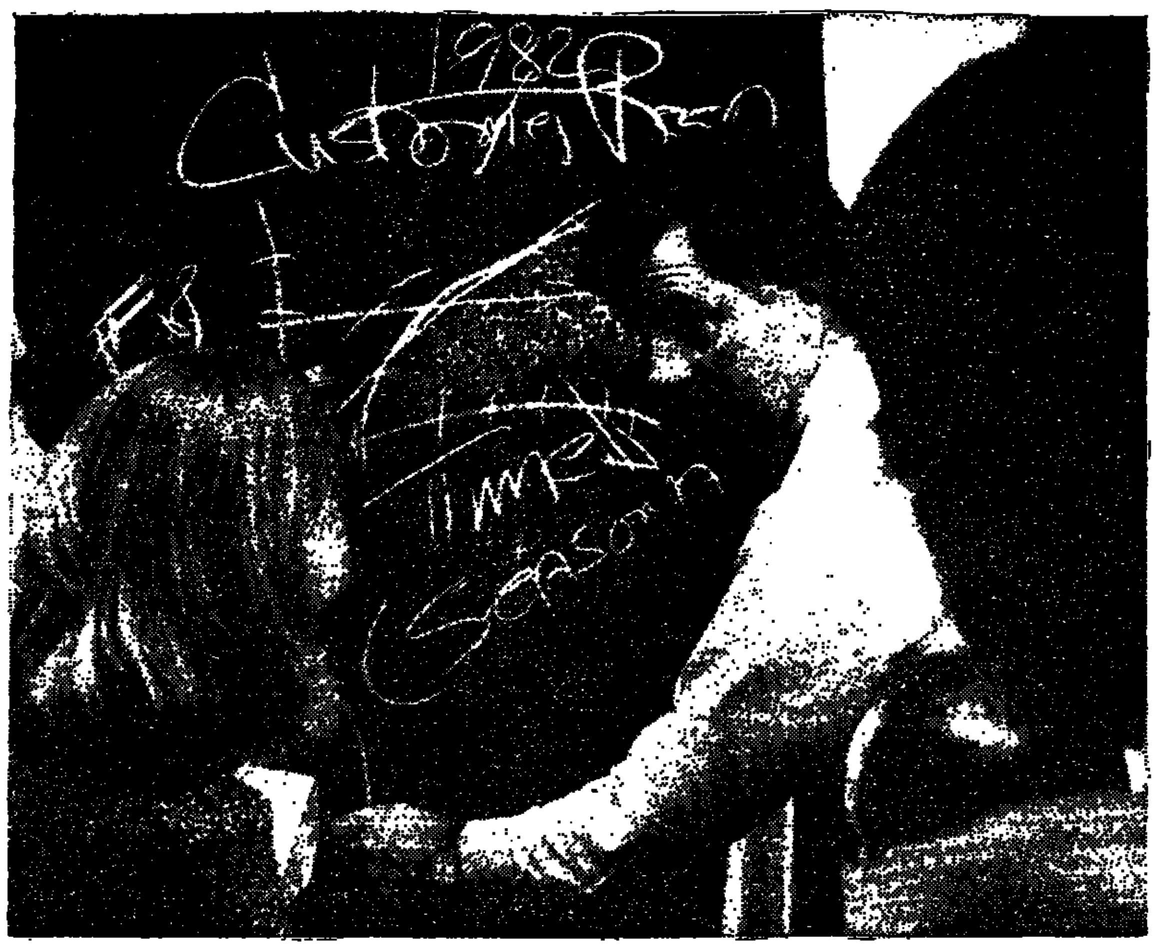

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FT COMMERCIAL LAW REPORTS

Capacity to sue on behalf of missing person

KAMOUH v BRITISH AIRCRAFT CORPORATION (OPERATING) LTD AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Parker: January 27 1982

WHERE A judicial administrator appointed under a foreign law issues a writ on behalf of a missing person but has no title to sue in the English courts, he cannot carry on the action as administrator pursuant to an English grant of letters of administration if the evidence shows that the missing person must have been dead before the writ was issued and could therefore not have been a party to the action. Nor can the judicial administrator change the capacity in which he sues to that of administrator under the English grant if the grant was obtained after the date of the writ and after expiry of the limitation period.

Mr Justice Parker so held when dismissing applications by the plaintiff, Sami Kamouh, for leave to alter the capacity in which he sued the defendants, British Aircraft Corporation (Operating) Ltd. and British Aircraft Corporation, or for an order to carry on the proceedings on behalf of his deceased brother.

* * *

RSC Ord 15 Rule 7 provides: "(1) Where a party to an action dies . . . but the cause of action survives, the action shall not abate by reason of the death. . . . (2) Where . . . the interest . . . of any party . . . devolves upon some other person the court may . . . order that other person to be made a party to the cause . . . and the proceedings to be carried on as if he had been substituted . . ."

RSC Ord 20 Rule 5(4) provides: "An amendment to alter the capacity in which a party sues may be allowed . . . if the new capacity is one which that party had at the date of the commencement of the proceedings or has since acquired."

HIS LORDSHIP said that the plaintiff's brother disappeared in Paris on November 14 1973, and had not been heard of since. He was pronounced "absent" by a court in Beirut and the plaintiff was appointed as his judicial administrator with power to bring actions on his behalf.

In 1975 the plaintiff instituted an action in the English courts, as judicial administrator. (*AEI International Ltd v Kamouh [1980] 1 QB 199*), but it was held that he had no title to sue, notwithstanding the orders of the Beirut court.

It was thought that an English grant of letters of administration would be of assistance and so in 1981 the plaintiff swore an affidavit that his brother died on or after November 14 1973, and obtained a grant of letters of administration which stated that the brother died on or after November 14 1973.

Pursuant to the alleged authority of the Beirut judgment the plaintiff had also instituted the present action in his capacity as judicial administrator by a writ dated November 7 1975. The claims depended on oral agreements alleged to have been made in January 1968. The limitation period expired shortly after the date of the writ.

Following the law in *AEI International* his Lordship held that the plaintiff had no title to sue in his capacity as judicial administrator. The matters now before the court were, *inter alia*, an application for leave under RSC Ord 20 Rule 5 to alter the capacity in which the plaintiff sued to that of administrator of the brother's estate, pursuant to the English grant of letters of administration. In the alternative the plaintiff applied, under RSC Ord 15 Rule 7, for an order to carry on the proceedings as administrator under the grant.

With regard to the application to carry on under Ord 15 Rule 7, Mr Miller, for the plaintiff, submitted that the brother, at the time of commencement of the action, was a "party to an action" within the meaning of the rule, that he had died during the currency of the proceedings, that by reason of the grant his interest devolved on the plaintiff, and that accordingly an order to carry on could be made.

It was inherent in that submission that the brother was alive at the date of the writ, for if he was not, he could not have been a "party" to an action.

The plaintiff's affidavit and the grant both stated that death occurred on or after November 14 1973. There were therefore certain difficulties in his asserting that the brother was alive some two years later on the date of the issue of the writ. It was submitted, however, that there was a presumption of continuance of life and that unless the defendants could rebut the presumption, the brother must, despite the affidavit and the grant, be taken to have been alive at the date of the writ.

In the case of a missing person there was a rebuttable presumption of continuance of life for some time just as in certain circumstances there might be a rebuttable presumption of death. Neither presumption necessarily took precedence over the other, and the burden of proof did not always lie on the person seeking to establish death on or by a particular date. If continued life on that date was a necessary part of a party's case, it was for him to establish it.

The burden of proof was not important in the present case. His Lordship was satisfied on the evidence that the brother died on or shortly after November 14 1973. Threats had been made against him prior to his disappearance; his bodyguard was not with him at the time of his disappearance; he had bank accounts which he never used thereafter; police investigations failed to trace him; shortly before his disappearance he had made an appointment which he never kept; and from the time of his disappearance he did not communicate in any way with his family, friends or business associates.

Those and other matters all pointed strongly to death on November 14 1973 or at least to abduction on that date followed by death shortly after. That was the only reasonable inference from the established facts.

In the light of that conclusion the brother could not have been a "party," and the application under Ord 15 Rule 7 must fail.

With regard to the alternative application under Ord 20 Rule 5, there was no power by rule to allow a person to change capacity to that of administrator under a grant obtained after the date of a writ and after expiry of the limitation period. In addition, there was no person who could have sued at the date of the writ either because the brother was then already dead, or because although he may still have been alive, there was no person clothed in English law with authority to sue in the English courts.

Accordingly, the application under Ord 20 Rule 5 should be rejected. If that conclusion was wrong, his Lordship would still reject the application as a matter of discretion. If the action were allowed to proceed the court would principally be concerned with what was said at meetings in January, 1968. It would be impossible at the present very late stage to have a fair trial and it would be unjust to the defendants to allow the action to proceed.

Applications dismissed.

For the plaintiff: Michael Miller QC and Nicholas Strauss (Malcolm & Co.)

For the defendants: Richard Southwell QC and David Grace (Linklaters & Paines).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THE NEW Season Maiden Hunters Chase has had to be split into three divisions at Hereford today.

With the novices chase also divided only hardened racegoers can be expected to stay the course.

The four-hour programme starts at 12.15 with the opening division of the Hunter Chase and ends with the race's third division.

Anyone attempting to sort out Hunter chases will do well to consider the 1982 edition of Horse and Hound Hunter Chasers and Point-to-Pointers, just published.

It is edited and compiled by Iain Mackenzie and David Phillips and contains form, age and sex of 3,264 animals that competed in Hunter races last year. It details the owner and the hunt and cross refers last year's hunter chase and point-to-point results.

The illustrated book contains handicap marks giving the estimated ability of more than 1,800 horses. It can be obtained direct from IPC Magazines, Lavington House, Lavington Street, London, SE1 0PF, at £9.95 or at £9.50 from newsagents and booksellers.

The edition says of Morning Heather, the selection for the opening division of today's Hunters Chase: "Easily beaten by useful animals and yet to achieve much in Hunter chases." With poor opposition this time I hope Morning Heather can change matters.

Tim Forster sets backers a poser at Windsor by saddling Crozurry and Dutchman for the Oakside Novices Handicap Chase. I hope the market will bear out my belief in Dutchman.

Ro's Owen will surely take all the beating in the earlier Haig Whisky Novices Hurdle qualifier.

HEREFORD
12.15—Morning Heather**
1.45—Bosh Shot
3.45—Celtic Isle

WINDSOR
2.00—Maurice's Tip
2.30—Ravensbourne
3.00—Sea Swell
3.30—Ro's Owen***
4.00—Dutchman
4.30—Tangle Briar*

GARDENS TODAY

A souvenir from the Crimea

BY ROBIN LANE FOX

UNDER THAT warm blanket of snow, the smaller sorts of plants seem to have been remarkably content. There are flowers on my primroses, more flowers on the winter irises, buds on the daphnes and some encouraging shoots on the lower stems of my favourite pink roses.

As you will gather, I am feeling better about gardening after one mild weekend. I have also seen some snowdrops and although they cheer me up every year, I have never been quite so pleased to find them.

Snowdrops have a fan club which surfaces from time to time in my life and astonishes me by its devotion to detail. There are fanciers for the single forms, the big and small petal, the autumn-flowering snowdrop and the shades from cream to ivory white. *Names* are made by the purity of green on the edge of a petal, while everybody wants to be the first to breed a double primrose-yellow. Public libraries can still come up with the classic study, F. C. Stern's Snowdrops and Snowflakes which is required reading before you start snowdropping names.

Snowdrop stories come in all shapes and sizes, from recipes for boiling the bulbs to a sentimental "duettino" in a mid-19th century French gardening column between a snowdrop, Springtime and the warm west wind. The wind kills the snowdrop and makes Springtime fall in love with him instead. To date, French taste has added nothing to garden forms of our snowdrop, or "perce-neige."

I have no difficulty in naming the finest snowdrops I have *ever seen. In the early 1960s* they grew in the Gloucestershire garden of the late E. B. Anderson who combined a career with United Dairies and a mastery of alpine gardening. He acquired his blubs on the death of no less a plantsman, John Gray of Saxmundham, Suffolk.

Snowdrop John Gray was a single early variety with outstanding strong and large flowers. Its owner increased it and gave it away freely, so it ought to be lurking in private hands. Perhaps your demand could bring it back onto the market. It was easy to grow in the usual leafy soil in half shade, but it still haunts my image of the perfect single snowdrop.

If you fancy some good snowdrops, now is the correct moment to order them from a specialist nursery which will sell them as pot-grown plants in *green leaf. By moving them* while they are still in leaf you avoid the loss of one bulb in two and can place the plants where you want them. I would never bother to order dry snowdrops in autum unless I wanted the ordinary single forms for mass planting. The named varieties are far too precious and should be moved before this April.

Two years ago, I bought a few bulbs of the named form Straffan and hoped they were worth their very high price. Specialists promised that they would flower late and would run to two flowers on each bulb by their second year. They have proved their worth and do indeed give you double value yearly. *At £2 per bulb,* they have to be special, but they have a charming origin which almost justifies the price.

Straffan first reached Eng*land from the front* lines of the Crimean War. While fellow cavalry officers were forgetting to reason *why or wherefore* an Irish peer, Lord Clarina, took time off to send parcels home to his sister in County Kildare, knowing that she liked all early-flowering bulbs.

In 1856, Straffan came home in a packet with the compliments of the officers' mess and was picked out of the bunch for its unusual habit of throwing up two flowers.

Nowadays there are several Straffans and collectors will measure the lengths of the petals before giving yours a full name. But their *parent is* still the same bulb from the Russian front, the only good thing to have come to England from the Crimean campaign.

Lord Clarina was not the only snowdrop fancier in his ranks. Lesser men sent bundles of bulbs to their families, especially the pleated double forms which grew so profusely round their camps.

The best of the double bunch is called Warham, another souvenir from the Crimea. In early spring, their home must be a botanist's paradise.

The biggest variety is hard to resist, though its names keep changing and the third name is still in dispute. Snowdrop Elwesii commemorates a great collector and bears almond-scented single flowers above its broad grey-green leaves.

It derived from northern Turkey and is relatively cheap at £2.50 for 10. I would chose it first when starting a collection, for it will startle any visitor who thinks of the snowdrop as a small flower. Its various forms reach nearly 1 ft in height and tend to delay their flowers until mid-March.

The white petals are transmitted with a lovely green marking, so they are best placed at the top of the walls where you can see into their centres. Snowdrops like the damp, leafy soil but they will run riot on chalk or lime. F. C. Stern, their authority was a merchant banker who gardened in a chalk pit and although he could pay more staff to spread good compost than most of us could countenance, his own Highdown snowdrop and many others were the glory of his garden in February.

I would not trouble with the named varieties if they were not more exciting than the ordinary form which grows wild beneath hazels and overgrown shrubberies. They are not bulbs for a carpet but for a special bed or a deep pot near the house.

Two of the finest forms of the ordinary snowdrop arose as natural crosses in private gardens and whenever I see big clumps of them, I feel sure there may be another winner lying in their midst. Atkinsii was one such coincidence, a big and early white which stands out in any collection. Sam Arnott was noticed by the mayor of Dumfries and deserves the place for its big flower and strong green markings. I would gladly look forward to an old age as Snowdrop Inspector for the little greenery which will remain by then in the Home Counties.

If our grandfathers could watch them under canvas in the Crimea, we ought to be able to find some crosses for the future, growing safely under churchyard yews or in the abandoned walks of old Victorian gardens.

TELEVISION

BBC 1

9.05 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Postman Pat. 2.01 For Schools, Colleges. 3.05 Songs of Praise from Blackheath. 3.40 Play It Safe! 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 The Story of the Treasure Seekers by E. Nesbit.

5.40 News.
6.00 South East at Six (London and South East only).
6.25 Nationwide
6.55 Rolf Harris Cartoon Time (London and South East only)
7.25 Variety Club Awards with Terry Wogan and Ray Moore.
8.10 Olivia Newton-John "Physical" — A visual interpretation of her latest album.
9.00 News.
9.25 Sportsnight: including League Cup football: Boxing: European Figure Skating Championships; and World Ski-ing.
11.13 News Headlines.
11.15 Parkinson and his mid-week guests.

Chris Dunkley: Tonight's Choice

As usual on a not very exciting night, the few programmes which do sound interesting clash. At 8.00 ITV screen their one-off programme **Two Of A Kind,** in which Morecambe and Wise talk to Alan Whicker about their careers as a double act and about great double acts of the past including Abbott and Costello, Laurel and Hardy and Flanagan and Allen who are seen on film clips.

At 8.10 BBC-2's **Chronicle** deals with "Ancient Mariners." It has been estimated that nearly a million wrecks litter the bed of the Mediterranean, and this programme tells of the excavation of three of them, dating from 300 BC, 625 AD and 1,000 AD. It goes on to trace the evolution of ship-building techniques as evidenced in the wrecks.

At 9.25 BBC-2 reaches the last part of **The Bell,** in which a big crowd assembles for the installation of the new "Gabriel." Against a background of Morris dancers, a recorder band, and *a choir the bell is pulled on a trolley by workmen towards the* nunnery causeway; but disaster strikes. Simultaneously, on **Sportsnight** on BBC-1, the Puerto Rican Wilfred Benitez fights Panamanian Roberto Duran for the WBC light-middleweight championship.

BBC 2

10.20 am Gharbar.
11.00 Play School.
12.30-1.20 pm Open University.
3.55 Landscapes of England
4.20 Robinson's Travels
5.10 Toyah at the Rainbow.
†5.40 Laurel and Hardy in "Busy Bodies."
6.00 The Water Margin.
6.45 The Making of Mankind.
7.35 News Summary.
7.40 The Master Game.
8.10 Chronicle.
9.00 MASH
9.25 The Bell
10.20 Out of Court.
10.50-11.40 Newsnight.

LONDON

9.30 am. Schools programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Play it Again. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Mary Parkinson and Kay Avila. 2.45 The Six Million Dollar Man. 3.45 Definition. 4.15 Dangermouse. 4.20 Madabout. 4.45 Arthur of the Britons. 5.15 Mr Merlin. 5.45 News.

6.00 Thames News
6.25 Help!
6.35 Crossroads
7.00 This Is Your Life: Eamonn Andrews has a surprise for another unsuspecting guest
7.30 Coronation Street
8.00 Two of a Kind: Eric Morecambe and Ernie Wise talk with Alan Whicker about their life as a double-act
9.00 Minder, starring Dennis Waterman and George Cole
10.00 News
10.30 "Halloween," starring Donald Pleasance and Tony Moran
12.15 am Close: Sit Up and Listen with Quentin Crisp

†Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 2.45 Trapper John. 5.15 Happy Days. 6.00 About Anglia. 12.15 am The Big Question (David Self chairs the panel).

BORDER
1.20 pm Border News. 2.45 The Ante Room. 5.15 Radio. 6.00 Lookaround Wednesday. 12.15 am Border News Summary.

CENTRAL
1.20 pm Central News. 2.45 Hagen. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 10.30 The Midweek Film: "The Mean Machine," starring Burt Reynolds. 12.45 am Portrait of a Legend (Gladys Knight).

CHANNEL
1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 Trapper John. 5.20 Crossroads. 6.30 Bailey's Bird. 10.28 Channel Late News. 10.35 The Midweek Film: "Butterflies are Free." 12.30 am Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 North Tonight. 12.15 am North Headlines.

GRANADA
12.30 pm Mr and Mrs. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Multi-million Viewer Audition. 2.45 The Ante-Room. 5.15 Private Benjamin. 6.00 This is Your Right. 6.05 Crossroads. 6.30 Granada Reports.

HTV
1.20 pm HTV News. 2.45 Bracken. 3.45 The History Makers. 4.45 Sport Billy. 5.10 Ask Oscar. 5.20 Crossroads. 6.00 HTV News. 6.30 Sing a Song With Me. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15 Y Rheilffordd Gudd. 4.45 Mr Merlin. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
1.20 pm Scottish News Headlines, Road and Weather Report. 1.30 A Fell Life—Sir Roland Penrose. 2.45 Love Boat. 5.15 Tiddlers Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Tom Weir—Loch Lomond (Inchcailloch). 12.15 am Late Call.

TSW
1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Scene South West/A Day in the Life. 10.32 TSW Late News. 10.35 "Butterflies Are Free," starring Goldie Hawn, Edward Albert and Paul Michael Glaser. 12.30 am Postscript. 12.35 South West Weather.

TVS
1.20 pm TVS News. 2.45 The Ante Room. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 12.10 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.10 am Three's The Way To Do It.

ULSTER
1.20 pm Lunchtime. 2.45 The New Avengers. 4.13 Ulster News. 5.15 Radio. 5.20 Good Evening Ulster. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.15 am Bedtime.

YORKSHIRE
1.20 pm Calendar News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

RADIO 1
(S) Stereophonic broadcast
‡Medium wave
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am News. 5.02 Cricket Desk. 5.03 Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.02 pm Cricket Desk. 12.03 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Alan Dell with Dance Band Days. 8.30 The King's Collection (S). 9.00 The Folk Entertainers (S). 9.30 Sounds of the Sun (S). 10.00 Pros and Cons. 10.30 Be my Guest says Petula Clark. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: Albinoni and Marcello (S). 9.50 Mozart and Schubert piano recital (S). 11.15 Enesco string quartet recital (S). 11.45 Bournemouth Sinfonietta (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Jazzmen Talking: Elvin Jones in conversation with Charles Fox (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Saul Bellow and the Letter-Day-Lean-To. 7.30 Schoenberg and Brahms concert from the Royal Festival Hall, London, Part 1 (S). 8.50 Six Continents. 9.10 Concert, Part 2 (S). 10.00 Music in our Time (S). 11.00 News. 11.15 Youra Guller (S).

Medium Wave as VHF except: 7.05-11.15 am Cricket: Sixth Test: India v. England at Kanpur.

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Henry Kelly. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Around the World in 25 Years (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Zoo Talk. 4.20 Break High Auld The Cure. 4.40 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Profession of Intelligence. 8.30 A Sideways Look at . . . by Anthony Smith. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

Lansing lifts robot arm

BY ALAN CANE

LANSING BAGNALL, the lift truck manufacturer, bought a robot two years ago to automate loom wiring for its trucks. The robot has never yet been used in production but now Lansing looks as if it is going into the automated wiring business.

The robot arrived in Basingstoke, Lansing's home town, in 1979 and for 18 months it was the only one of its kind outside the U.S.

It cost some U.S.$30,000 to buy and the company has invested another £50,000 in development cash.

Aggressive

The robot—a Puma from the aggressive U.S. robot maker, Unimation, was bought, originally, to help automate one of the most tedious and frustrating jobs involved in the creation of a modern fork lift truck—cutting and setting out lengths of insulated wire in specified patterns on special boards, to provide electrical circuitry for the vehicle.

The work is slow, each loom taking as much as one hour to complete and operators frequently complain of damage to their hands.

Lansing had been under some pressure to introduce automated techniques for some time before it started to lay plans in 1978 to use robots.

As the engineer responsible put it: "We had a particular problem and looked at different ways of solving it. We decided robotics offered the best solution. It was certainly not a case of buying a robot and thinking of a use for it."

What Lansing bought, in fact, was a programmable arm capable of picking up steel pins and inserting them in the wiring board, laying rubber washers on top and finally wrapping the correct wire around a sequence of pins.

The company constructed the rest of the machine itself and it is this combination that the company believes it can sell to other organisations with similar wiring problems.

The machine is now used so much for demonstrations and development work that despite a whole series of dates set for its debut on the shop floor, it has never yet wired a loom in anger.

This curious tale of Lansing and its robot was sparked by a new report Industrial Robots in Japan, U.S.A. and UK, published by the consultancy, Inbucon.

For £90 it offers, in language which it claims is more suitable for the manager than the technologist, an overview of the world robotics scene, with nine case studies taken from the UK.

It includes a note by Mr Terence Duffy, president of the Amalgamated Union of Engineering Workers, who writes: "I believe that resistance to the introduction of new technology will damage our opportunity to create the wealth that is needed to improve society, not only in the industrialised countries but in the third world. . . .

"As president of the engineering union, I will continue to propound our policies, which I feel in the long term will allow us to accept the new technology including industrial robots, with the conviction that the end product will be a better society, not only in our country but for the rest of the world."

The trade union angle is dealt with in some depth in the report.

Mr Stephen Dale, one of the authors believes that the Japanese home robot market is close to saturation and that there will soon be a flood of cheap Japanese robots in the West.

Professor Yoji Umetani of Tokyo Institute of Technology contributes a chapter in which he notes that Japan had installed about 8,000 devices which would be described as true robots in the West up to 1979. Latest figures for the UK suggest the robot population has now reached 500 units.

Professor Umetani describes a variety of advanced robots now in development in Japan including: "a slender and flexible robot to be used as a gastroscope. It will be operated remotely to penetrate deeply inside the digestive organs."

The UK companies featured in the report are TI Creda which uses a robot for vitreous enamel spraying, Ransomes, Sims and Jefferies (electric arc welding), BL (spot welding and so on), Laurence, Scott and Electromotors (press loading and unloading), J. C. Bamford (heavy arc welding), Wavin Plastics (plastic injection moulding), Metal Castings (diecasting), WCB Clares (CO_2 arc welding) and, of course, Lansing.

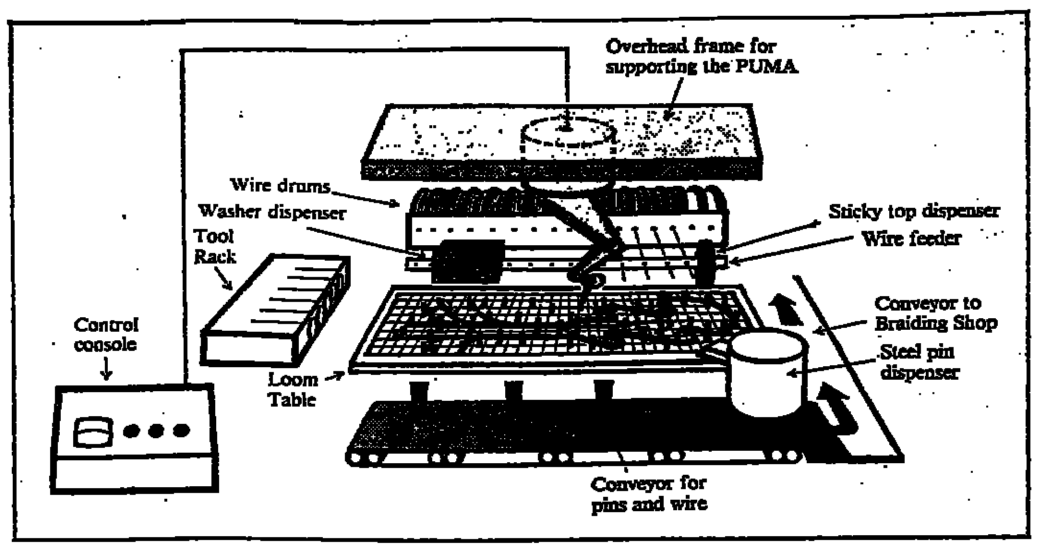
What does Inbucon conclude? Chiefly, that buying a robot is one of the cheapest and easiest ways into new manufacturing technology. It notes: "While our nine cases are not representative of all UK experience it seems generally true that few serious problems have arisen."

Check list

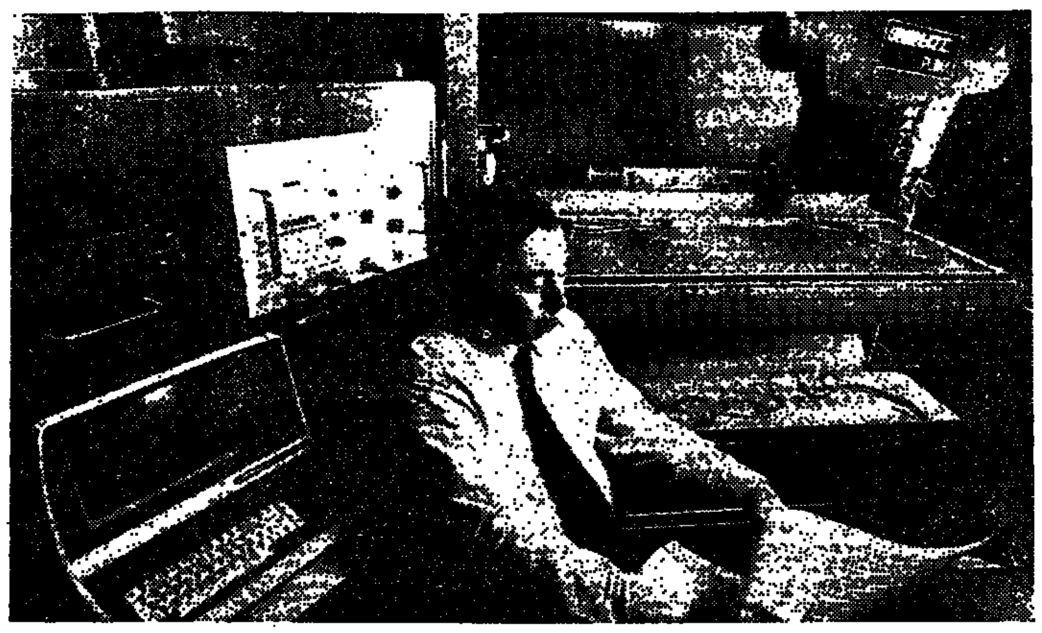
It does provide a check list for management and an indication of the support available for manufacturers anxious to instal robots—for example, for projects involving the introduction into a company of one or more industrial robots, a Government grant of up to 25 per cent of qualifying costs will be made.

A similar grant is available for projects involving the development of new industrial robots. Lansing Bagnall may be only the first of a stream of companies which discover they suddenly have a new and exciting string to their bow.

Inbucon is on 0372 67621.



Layout of the equipment for loom wiring by Unimation Puma at Lansing Bagnall, above, the system in operation, below. The robot sets the wiring pins, puts rubber stops on the pins, feeds and cuts lengths of wire and lays the wire over the pins. It tapes the wires together, repeating the whole process for the entire batch



Lower costs claimed for Lucas brake

A COMPENSATING master brake cylinder introduced by Lucas Girling and designed for tractors, harvesters, loader-backhoes and similar vehicles gives reduced installation costs and efficient braking, according to the manufacturers.

The new cylinder has fewer component parts, reduced size and will provide instantaneous full compensation for differential brake wear when using coupled brake pedals on the road.

Mr Roy Campbell, chief engineer for Lucas' Tractor Product Group, said: "The design provides a ball-and-ramp mechanism and provides a totally balanced shared hydraulic system."

Lucas Girling is on 021-553 2969.

Picking up stones by machine

THE SWEDISH company Ekengards Maskinfabrik of Solvesborg has developed a stone handling machine that can dig up stones as well as pick them up from rows.

It has a blade that works the stones up out of the ground from a maximum depth of 18 centimetres.

They are then sieved automatically before being transported in an elevator to a collector bin.

The machine is intended primarily for farmers who grow potatoes in stoney soil—currently, picking the crop means sorting and removing the unwanted harvest of stones. It all costs time, money and temper.

The Solvesborg machine has its own hydraulic pump which powers all functions through a hydraulic motor. Blake and Becley of Mansfield, Nottinghamshire (0623-27565) know all about the machine.

British Telecom plans trials for low cost business teleconferences

BY ELAINE WILLIAMS

BRITISH TELECOM is planning a series of trials covering a wide range of television communication systems for the business sector.

These are likely to start later this year and could lead to cheaper video conference services. About 50 companies are to take part and include organisations such as Williams and Glyn's Bank.

For the past ten years British Telecom has been offering Confravision, which allows companies to hold long distance "face to face" meetings. The snag is that executives still have to travel to British Telecom's television studios for the link up and there are only a limited number in the country.

The service is expensive—costing a minimum of £80 per half hour for a two way link-up and £170 for a three way conference.

British Telecom has been aware of Confravision's limitations and has invested in several approaches which could lead to a cheaper, more convenient system which can be used between a company's offices.

One of the approaches is slow scan television—already used in security surveillance. Slow scan attempts to overcome the problem of squeezing all the information needed to make up a television picture on the limited frequency bandwidth on the public low speed data networks operated by Telecom.

The technique is to reduce the frequency bandwidth by transmitting only half of the 625 lines that comprise a complete picture frame and even missing out bits of each line. At the receiving end the electronic circuits "guesses" what the missing lines were and reassembles a complete picture frame.

Telecom says that although the clarity of the resulting picture is noticeably poorer than the original most people find it satisfactory for holding discussions as long as they are looking at no more than three people at a time.

However, this is unsatisfactory if graphics are more important than faces. In this case, it is better to use a system which transmits all of the picture frame but at a much slower rate.

The result is temporarily stored in an electronic memory until the complete frame is assembled—otherwise the viewer would only see a few lines of the complete picture at a time and probably feel seasick!

The old complete frame is displayed on the television screen until the new one is ready. A stationary object can be viewed quite clearly while anything which moves looks blurred.

Aregon International has worked with the Open University to develop "Cyclops," which allows graphics and other written information to be transmitted over the public telephone network to be displayed on an ordinary television set.

Although it does not provide "face to face" meetings, visual information can be presented while providing simultaneous voice contact. For the past year trials have been running to link students and lecturers many miles apart for tutorials.

British Telecom has funded the project with a £58,000 grant. Mr Anthony Chandor, Aregon's managing director, believes that it could be used effectively as a low cost conference service

Distributed text editor

A FULL-SCREEN text editor is now available on Northern Telecom's 435, 445 and 585 series of distributed data processing systems.

The software package is compatible with the IBM Series 1 structured programming facility, the company says.

SEDIT, as the text editor is called, can be used with up to 16 data terminals depending on the system's memory capacity.

It allows the display of up to 22 lines of text which may be copied, moved or deleted in a single command. More on 0442 41141.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Employee share schemes catch on slowly

IN SPITE of the prompting legislation of 1978 and 1980, employers in general have not rushed to introduce employee share schemes. One probable explanation, apart from the traditional disinclination of UK companies to offer employees such a degree of involvement, is the recession.

As Kenneth Carlisle, Conservative MP for Lincoln, so eloquently put it in a recent adjournment debate in the House of Commons: "The good seed has been choked by the thorns and worries of more immediate troubles."

Up until the end of last year fewer than 400 employee share schemes had been approved for tax purposes by the Inland Revenue. As not all of these have been activated and, in some cases, companies have submitted more than one scheme, the number of employers flying the profit-sharing flag is even less than the overall total suggests.

An equally telling statistic, perhaps, is the grass-roots penetration of employee share schemes among Britain's 27m workforce although, to be fair, any view has to exclude groups such as public sector workers and partnerships.

According to the Inland Revenue, little more than 270,000 employees received share appropriations under profit-sharing schemes in 1981. Even if non-approved schemes are included, the figure rises—according to an independent commercial estimate—to just 1.5m.

The inescapable conclusion is that employee share schemes have not been received with the enthusiasm that the legislators had hoped for.

The schemes which can attract tax advantages are of two types — profit-sharing share schemes, on the lines implemented by the House of Fraser, and Savings Related Share Option Schemes, favoured by companies like Wedgwood and Ferranti.

The latter scheme, for which legislation was passed by the Conservative Government in 1980, allows workers to buy shares in their own company with the proceeds of regular savings. The employee enters into a Save-As-You-Earn contract and applies for an option to buy shares at a future date and at a discounted price.

Since 1978, when the original legislation was passed, the number of approved profit-sharing share schemes has amounted to 261. "After an initial (relative) surge of activity we seem to be moving along at a fairly steady rate," a spokesman for the Inland Revenue said.

"On savings-related share option schemes, we have not really got enough of a run of figures to form much of a conclusion, but we are probably at the moment still in the initial 'surge of activity' stage." So far the Inland Revenue has approved 120 of these schemes.

The spokesman adds: "The point is worth making that the recession must have done at least something to depress companies' enthusiasm for introducing employee share schemes."

Why a Harrods sale had few takers

When House of Fraser employees had an option to sell their shares, most chose to ignore it. Arnold Kransdorff reports

LAST July 6 was not one of Nigel Dewar Gibb's better days. By his own admission he was "very nervous, even panicky."

He remembers it vividly. The employee profit-sharing scheme he administers for House of Fraser was exactly two years old. During that period part of the company's profits had been converted into shares for employees.

By law the shares were locked into a special trust and employees could not sell. Until July 6, that is.

On that day the statutory period of retention expired and 17,000 people could, if they wanted, instruct Dewar Gibb to sell 1.1m shares on the open market. For some employees this would have meant a windfall of up to £650—a not unwelcome, or untimely fillip, especially as the Government had recently hit pay packets again with an increase in national insurance contributions.

Dewar Gibb had absolutely no idea what would happen. Anticipating the worst, he had spent several months travelling around the company's retail outlets, including Harrods, its flagship in London, instructing local personnel officers and wage clerks how to handle any request to sell.

If many people elected to bale out of the scheme the potential paperwork would be enormous, so Dewar Gibb, a former stockbroker, even set up a special computer programme to deal with a deluge.

As a staunch believer in the concept of employee share participation, it was important to him that as many people as possible retain their equity stakes, however small.

It was similarly important for his directors, who had conceived the scheme and put all their weight behind it. Additionally, if employees took flight out of the company's shares, it would — indirectly — be a vote of no confidence in the company, a factor that would not be lost on Tiny Rowland's Lonrho, a predator then waiting in the wings.

In the event, Dewar Gibb need not have worried. Nothing happened. In fact nothing happened for four days, when the first request to sell came in.

Thumbs down

Since then he has had only 200 similar instructions with most coming from ex-employees and executors of deceased holders. Dewar Gibb estimates that there have been only 85 people whose motivation to sell was because the retention period had ended. Between them they owned just over 7,000 shares.

"The outcome was a great relief. It meant that the whole concept of share ownership has not met with the thumbs down." He adds: "Share ownership provides the true bridge between capitalism and communism. Everybody should have a direct stake in the business in which they work."

He is certain that the scheme has provided employees with a sense of involvement in the company's well-being and boosted morale, although he is the first to admit that this is difficult to quantify.

"In the first year of the scheme there was little obvious enthusiasm although a few employees indicated that they felt 'warm' towards the company," he says. "After two years the incentive element was beginning to be felt and in the third year I would say that there is a far greater awareness and interest in what the company does, whether it is making profits and how the individual can contribute."

Dewar Gibb's involvement with House of Fraser's profit sharing scheme goes back to 1977, the year before the concept was given the "green light" by legislation promoted by the Liberal Party under the terms of the Lib-Lab pact.

The first attempts at drawing up a suitable scheme were not easy, especially as the company, with more than 120 profit centres and a workforce of around 30,000, many of them part-timers, is highly decentralised. Along with ICI, Habitat and John Lewis, House of Fraser was also one of the first companies to consider seriously a profit sharing scheme, so there were few examples on which to draw.

In fact the company's first attempt was unsuccessful, mainly because the resulting scheme was considered impossible to administer.

Under the terms of this first suggested scheme employees would have to forfeit some of their shares if they left the company. It would also have involved central storage of dividends by an administrator, who would be responsible for offsetting the tax liability on disposal. According to Dewar Gibb this made it "almost unworkable."

Nigel Dewar Gibb: employees' shares "bridge capitalism and Communism"

The lead for a "more practical" version was prompted by the Finance Act 1978, which allowed certain tax advantages for approved schemes. Under House of Fraser's revised scheme, which forms the basis of the profit sharing scheme now in operation, shares—once given—cannot be withdrawn and dividends are paid direct to participants as ordinary shareholders.

In terms of the legislation there is a significant tax advantage if employees hold on to their shares—for at least seven years. During this period there is a sliding scale of income tax liability, but then tax ceases.

House of Fraser's profit sharing scheme received Inland Revenue approval in 1979: it was only the sixth to do so. Since then the Government has approved more than 260 similar schemes, although not all have been implemented.

According to House of Fraser's Trust Deed Agreement, the document setting out the terms of the scheme, the company undertakes to distribute a proportion of profits, providing the annual pre-tax surplus, excluding property transactions, exceeds £27m.

This proportion is set at 4 per cent of the total figure—not the excess. The amount—it has averaged £1.4m for each of the past three years—is handed over in cash to the share plan's seven trustees, who are drawn from representative groups inside and outside the company. They include three shopfloor representatives and one non-director manager.

The figure of 4 per cent is arbitrary only in so far as it is within the 5 per cent outside limit recommended by the Investors Protection Committee, a body which represents the interests of institutional investors.

The committee believes that a distribution in excess of 5 per cent would result in a rapid dilution of investors' interests—a situation they would rather not precipitate.

From a bank of 14.5m unissued shares set aside for the share plan, House of Fraser's trustees subscribe for new shares at a price based on the average middle market price of the 20 business days before the announcement of the final results.

The trustees can only apply for a maximum 1.5m new shares each year. If there is a surplus of cash—and so far there has not been—they can top up by buying in the open market. Since the profit sharing scheme began the trustees have bought just over 3m shares—equal to 2.2 per cent of the total issued share capital.

Having bought the maximum number of shares the trustees then make a distribution to eligible employees. Broadly, eligibility depends on age and service and the allocation is based on salary.

Wastage

In the first year around 17,000 employees were eligible. Although the company has since reduced its total staff by around 3,000 to 27,000 through cutbacks and natural wastage, today's employee share register stands at around 24,000, mainly because ex-employees continue to be included in the scheme.

Dewar Gibb believes that in 10 years the employee share register (including ex-employees) could number more than the current register of ordinary shareholders, which totals roughly 45,000.

This, he reckons, would represent the ultimate achievement in employee participation.

But this, of course, depends very much on House of Fraser continuing to beat £27m pre-tax by a healthy margin each year and on employees and ex-employees holding on to their shares.

In these difficult times the former might be difficult. At least employee loyalty is holding out.

BOARDROOM BALLADS

A-PURCHASING WE'LL GO

(with apologies to A. E. Housman's "A Shropshire Lad")

*

Up, lads, up: 'tis late for buying:
Empty pallets never thrive.
Inventories atrophying
Will not keep the firm alive.

*

Sales are up and stocks are tumbling:
Retail outlets press for more;
And the works director, grumbling,
Pounds upon the office door.

*

Wake: the vaulted warehouse slumbers;
Row on row of empty bays;
Lack of merchandise encumbers
What we need to pay our ways.

*

Up: the company's depending,
And the whole production plan,
On the buying group's unending
Search for products where it can.

*

Move: for purchasing's a rover
Must not leave them in the lurch;
Out, beyond the cliffs of Dover,
Moves the never-ending search.

*

Up, lads: moping in your beer,
Contravene's the buyer's creed;
China, Hong Kong or Korea,
May supply the goods we need.

Duty calls in two directions;
Buy domestic where you can,
But your colleagues' disaffections,
May suggest a wider scan.

*

Prices keen and volume ample,
Access simple to the port,
Means that, subject to the sample,
Buyers to the world resort.

*

Wake: and multiply your contacts;
Probe the corners of the earth.
And, with favourable contracts,
Prove the value of your birth.

*

Wide the airborne army scatters;
Plastic food on plastic trays;
And, digestive tracts in tatters,
Telex through their flight delays.

*

Tentative negotiations,
Deep into the night they drag;
Hieroglyphics and quotations—
Till finally, it's in the bag.

*

See: the loaded trucks, returning,
Make the inventories leap.
Right, lads: now the wheels are turning,
There'll be time enough for sleep.

Bertie Ramsbottom

Next Week: The small businessman

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

D-Marks on deposit

My London clearing bank bought DM for me last July and arranged to hold them on deposit for me, now at seven days' notice (which I renew weekly). The interest seems to be added weekly since the original DM 100,000 have become nearly DM 105,000. As the profit on the £ DM rate is not what it was, I expect to hold the DM as such hopefully, until about May, ie, into the 1982-83 tax year, before converting the whole lot into sterling. Hence there will be no interest separate from the capital, or in sterling, in the present 1981-82 tax year. May I declare the capital gain, and the interest, only next year as appropriately taxable in 1982-83, when both materialise in sterling?

This appears to be a sequence of seven-day deposits, not a continuing deposit at seven days' notice. The interest is assessable for the tax year in which it is credited, under section 123(1) (a) of the Income and Corporation Taxes Act 1970; so your tax return this April must show the amounts of interest credited during 1981-82, converted at the respective exchange rates. The chargeable gains (or allowable losses) accrue at the end of every seven-day deposit period, under sections 135(1) and 134(2) of the Capital Gains Tax Act 1979; so your tax return this April must show the gains which accrued weekly during 1981-82.

Interest not chargeable

I own a block of flats, several of the flats having been sold to lessees. A managing agent has contracted with the lessees to manage the property and submit accounts to them for the work carried out on their behalf in respect of the whole and the common parts. A large amount of work has been carried out and the managing agent is paying something like £240 a week in interest in respect of the accounts that he has paid on behalf of the lessees. In due course he will be sending accounts to each of the lessees requiring payment and suspects they will not pay promptly. Is the managing agent entitled, having given proper notice, to charge interest on the outstanding amounts due and if so how soon after the delivery of the accounts would he be entitled to charge interest?

Unless the leases expressly stipulate that interest on the managing agents' overdraft may be charged it is not lawful to include interest in the service charge sums recoverable from the tenants. A decision in the High Court has determined this issue.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Frances de la Tour — Leonard Burt

Hampstead

Skirmishes

by ROSALIND CARNE

Terminal illness in a parent stirs a welter of buried feelings. Sibling rivalry is its likely theatrical expression but any such treatment demands exceptional dramatic control. This is a London debut for playwright Catherine Hayes, a transfer from the Liverpool Playhouse studio. She displays unmistakable skill in hinting at the vulnerable marrow beneath the bones of sisterly interchange. But her only structural discipline is the terrible wait till death, and the subject demands at least snatches of brilliance. She just misses here. Where the language reaches out beyond the mundane one cannot help sensing that this is a writer searching in vain for the suitable startling image. However, attention to detail in direction from Tim Fywell and fine performances, especially from Frances de la Tour, serve to rescue this very short play from aimless meandering.

Mother lies abed throughout, silent, semi-paralysed, the occasional twitching spasm the only sign of life. Anna Wing does very well in her extraordinarily passive rôle, bearing a helpless backside for a wash, muttering one daughter's name, disinheriting the other in the throes of senile dementia. She is certainly pathetic but despite the details of the bedsit toilet, never quite as revolting as the script might suggest.

Daughter Rita is the lively married one who has kept well away from mother's decline. Her timely return digs at old wounds and despite her flighty dismissal of sister Jean's complaints, it emerges that marriage is not all she had hoped. Gwen Taylor flutters through the part in an appropriate flurry of cliché and confusion and, with nice timing begins to show a glimmer of sensibility near the moment of passing.

Jean is the childless elder sister who has stayed with mother throughout. Her husband, Mel, is a travelling salesman who rates her little higher than his latest batch of sellable wares. Frances de la Tour carries her painful vigil deep into the hearts of the audience. Every move and utterance is perfect. Whether she lights a cigarette, scribbles a premature obituary, puts on her slippers or shuffles through the door, she conjures a churning sub-text of silent, drawn-out, bitter suffering.

Paul Daniels is tops

Paul Daniels is Show Business Personality of the Year, according to the Variety Club of Great Britain, which was taking its annual show business awards for the 30th year yesterday. Other winners were Jeremy Irons, best film actor for his performance in *The French Lieutenant's Woman*; Dee Hepburn, best actress for *Gregory's Girl*; Trevor Eve won the best stage actor prize for *Children of a lesser god*, and Helen Mirren was best actress for *The Duchess of Malfi*.

The BBC TV personality is Stephanie Turner, the actress in the *Juliet Bravo* series, and Robert Hardy is the ITV personality in recognition of his performance as Churchill in *The wilderness years*.

Marcel Duchamp's Travelling Box

The Arts Council is touring *Marcel Duchamp's Travelling Box*, an exhibition organised by the Georges Pompidou Centre in Paris.

It is an exhibition of "La Boîte en valise," a cloth-covered leather case and containing reproductions and small replicas of paintings, "ready-mades," and other works by Duchamp, one of the 20th century's most revolutionary and influential artists.

Conceived and compiled by Duchamp himself, the "Travelling Box" is a distillation in miniature of his life's work.

Television

Of Poland, praise and prejudice

by CHRIS DUNKLEY

The most striking thing about the U.S. propaganda programme *Let Poland Be Poland* was the way that it failed so markedly to live up to the accusations of its detractors. Driving to ITN on Sunday night to watch the programme come in from the satellite I heard Christopher Price, MP, on my car radio using words such as "razzmatazz" in connection with this programme which he admitted he hadn't seen. In the event the succession of badly phrased "messages" from an everlasting line of Prime Ministers was so dry, tedious and repetitive that within half an hour one longed for a little of the promised razzmatazz. Even technical proficiency would have been an improvement: for some reason all the presenters (Charlton Heston, Glenda Jackson and Max von Sydow) read from prompters which forced them to look miles off camera. I have no principled objection to television being used for propaganda, especially political propaganda: I believe the medium should be freed and that we should have lots more of it, from all quarters. But I do think the British networks were right to study every tooth of this gift horse and right to decide not to show it in peak time. However, it is so out of the ordinary—what other programme ever featured so many Prime Ministers? (I stopped counting at 14)—that it should, surely, be made available late at night some time for those who would like to judge for themselves.

*

There is a tendency at present to heap great quantities of praise onto programmes which really deserve little more than a pat on the back. *Wood And Walters* is one example and *Grapevine* another. The reasons seem fairly clear: many critics like to be considered in the vanguard of public taste, but until recently it was practically impossible to find a feminist or "community" programme over which you could enthuse with any conviction. The women's programmes displayed little more than mean-minded vindictiveness delivered by women looking and sounding as unattractive as possible, and the community programmes relied on enthusiasm as a substitute for everything else—especially coherence and style. So when Granada came along with Victoria Wood who has only a medium-sized gender chip on her shoulder and Julie Walters who seems to have none, the ecstatic cries represented relief at the excuse for enthusiasm as much as enthusiasm itself. If the truth be told their little show (it lasts 26 minutes) contains at most one or two really fresh and pleasing items each week, strung together with several that are either derivative or—like last week's skit in giant swings—virtually pointless. I could listen to Victoria Wood's songs all night but I do wish there were more of them and that I hadn't heard them before. In its quiet way BBC2's *Grapevine* is much more thoroughly radical than those "access" programmes which used to cause such fuss, but they do have some bizarre ideas. For instance if Commonwealth immigration and 1960s rock concerts qualify as examples of "self help," what doesn't?

Above all, some of the items in BBC2's current Australian film season just don't merit the adulation which has been showered on everything celluloid and 35 millimetres wide which has come from down under in the last five years. Sunday's *The Odd Angry Shot* about soldiering in Vietnam was technically competent, but in terms of form, insight, character and plot I have seen better material shot as graduation work by students at our own National Film School. Why not show those?

*

An annoyingly frustrating sort of Catch 22 affects the celebration of success achieved by non-whites in a predominantly white society, and it operates as powerfully in the acting profession as anywhere, certainly much more strongly there than in music and variety where a healthy cosmopolitanism seems to be the rule. If you draw attention to an actor's colour when he succeeds, it sounds unnecessary and patronising, and if you don't then the bigots continue to claim that non-whites aren't good enough to get to the top. It was a measure of Darien Angadi's true success that his colour had become irrelevant to the parts he played: from comedy to the heavier works of Shakespeare he won his rôles on sheer merit. It is all the more desperately sad that he should have killed himself just before his first major serial performance started to go on public view. He made of the company secretary in Central's excellent *Muck and Brass* a superbly effective foil to Mel Smith's boorish developer Tom Craig. Between them Angadi and the scriptwriters ensured that Jamal is everything Craig isn't: neat, quiet, tactful, polite, and always (if only just) inside the law. To achieve what Angadi managed with his eyes alone, many actors have to use their entire bodies, and without him the serial would lack one of its most telling elements.

*

Whenever visiting Americans watch ITV they remark upon the merciful brevity of our commercial breaks compared with those in the U.S., where in prime time the advertisements often seem to dominate the programmes. The reason is that in this country the IBA, earlier the ITA, has always imposed a limit on the amount of time the companies devote to commercials: six minutes per hour averaged over the day and "normally" a maximum of seven minutes in any single "clock hour." But recently it has seemed to me that commercial breaks have been growing longer and longer, particularly at weekends and especially in peak viewing time. So on Sunday January 24 I used a stopwatch to time the commercials from the 8.45 *News* through *Airline*, *Wood And Walters* and *The South Bank Show* to the 11.30 *News Headlines*. Sure enough, in the 55 minutes between 8.45 and 9.40 there were 10 mins 12 secs of commercials and in the 35 minutes starting at the end of *Airline* there were another 7 mins 50 secs of ads. If "clock hour" is taken to mean only whole figures then between 9.00 and 10.00 there were 8 mins 20 secs of ads, and between 10.00 and 11.00 another 7 mins 20 secs, so whichever way you slice it there was considerably more than the Authority says there should be. Furthermore I suspect that if I had taken my stopwatch out earlier—at about 7.15, say—the average would have been even higher. I shall check over the coming weeks.

*

Having left for Italy last year just after watching the England team go two down in the Test series to a pretty unimpressive Australian side, with Botham looking particularly wretched on a pair, I read in the rare English papers I laid hands on abroad reports of the subsequent matches at Headingley and Edgbaston with incredulity and even — having a professional knowledge of first edition misprints —outright disbelief. Willis taking 8 for 43? Surely not. When I was finally convinced that what I was missing included Botham giving the greatest exhibition of all round cricketing in living memory (smashing Lillee's bouncers for six, ye gods!) I was infuriated. I knew I would be back in England too late even for re-runs of the final Test. But now, of course, we live in the wonderous age of the video recorder and this week I watched $1\frac{3}{4}$ hours of edited highlights of those last three Tests, issued on the BBC Video label under the somewhat ambiguous title *Botham's Ashes*. It is not an unalloyed joy: I would happily swop the chats between Botham and Benaud for a bit more cricket, and would personally choose less of the fifth Test and more of the third and fourth. Furthermore, being edited (I assume) straight from the BBC's recordings there are places where cuts have been made and it is temporarily unclear who is batting or bowling. But these are small complaints to make about what can be a marvellous midwinter treat: to pull the curtains, turn up the thermostat, and lie back to watch Botham and Dilley, Willis and Knott playing glorious cricket under blue and white skies. It is worth buying the tape—well all right, it costs £37.95 so hire it—just to see the Edgbaston fans rise to their feet and roar as you've never heard a cricket crowd roar when Botham comes in on a hat trick.

Victoria Wood and Julie Walters

Liverpool Playhouse

Scrap!

by MICHAEL COVENEY

The bloody farce of Northern Ireland was given a wonderful theatrical folk-song some four years ago by Bill Morrison's *Flying Blind*. His follow-up is not exactly a sequel; nor, sadly, is it an equal. Morrison has related the play to his enthusiasm for Raymond Chandler (he has done several Chandler adaptations for radio). He creates a busy underworld of Scouse life down by the docks, where the daughter of a Belfast Protestant has been abducted by a British intelligence agent.

The father knows Kate is in Liverpool and sets off in search of her. His quest takes him to a humorous little scrap merchant (Chris Darwin), an after-hours drinking bar patronised by local police and loose women, and a low dive with posters of Bogart and Bacall pinned to the doors. The IRA opposition lines up in the shape of a soft-spoken gunman (George Costigan) and a mysterious dark-hatted fellow who disguises himself as Mickey Mouse from time to time.

As a Chandleresque thriller, the play is sadly deficient in reasoned plotting, sustained atmosphere, or hard-edged wit. David Hare's *Knuckle*, in fact, comes irresistibly to mind as the perfect example of the sort of parodistic contemporary thriller Morrison was after. That piece really caught the flavour of both Chandler and the mid-1970s entrepreneurial spirit. Here, the author has curiously little to say about Northern Ireland and confines that little to a few speeches blurted out in the mayhem of a ludicrously uncontrolled finale.

The piece is poorly served by Chris Bond's sloppy production, but a few marks for effort go to Eve Bland and Cecily Hobbs as manhunting peripheral characters. A real disappointment.

Guildhall School gala evening

The Friends of the Guildhall School of Music and Drama are presenting a gala evening in the presence of the Duchess of Kent, at Sadler's Wells Theatre, on Sunday, February 7.

Sir Geraint Evans heads the list of former students appearing in the gala, which also includes Teresa Cahill, Benjamin Luxon, Felicity Palmer and Pauline Tinsley: actors Eileen Atkins, Honor Blackman, Cyril Fletcher and Mollie Sugden and instrumentalists Sybil Copeland, Erich Gruenberg, Stephen Orton and William Pleeth.

Throughout its 101 years' existence, the school has been supported from the funds of the Corporation of the City of London. These funds have built the school's new premises in the Barbican but cannot be stretched to provide other much-needed items such as additional practice rooms for use by the students, good instruments to loan to students who cannot afford to buy their own; and bursaries to offer to talented advance students. This gala evening will launch an appeal by the Friends of the Guildhall School of Music and Drama to meet the costs of these requirements.

St. John's, Smith Square

Open rehearsal

by DOMINIC GILL

The central focus of the Society for the Promotion of New Music's new-year programme is a series of five events this month and in April at St John's which brings back the Society's "open rehearsal and recording" formula into the mainstream of its season (where indeed it always belonged), and also consolidates the vital partnership with the London Sinfonietta so successfully established two years ago.

The first of the series on Monday night, given by the London Sinfonietta under Simon Bainbridge, presented brief rehearsals followed by recorded run-throughs of new works by two very young composers, both as yet virtually unknown on the public concert scene. The more substantial of these, if not the more instantly accessible, was *Night Dances* for chamber orchestra—a work which has just brought its author, 20-year-old Mark-Anthony Turnage, near to the brink of recognition by receiving this year's Guinness Prize for Composition.

It is a most accomplished composing debut: a prelude and interlude enfolding two short "Dances," played without a break, 12 minutes long, shaped and scored with impressive ease and assurance. The manipulation of instrumental timbres, and particularly blocks of timbre, is quick, instinctive and exact. The piece is intended "to evoke feelings and emotions aroused by my first encounter with Black music," although the exuberant dedication of the score itself "to those brazen women of Kenya, and well-endowed women everywhere" seems to imply another sort of (real or fantasised) encounter. Certainly there is a strong underlying current of sensuality to the music: notably in the interlude, its muted trumpet solo unfurled against the hiss of brushed drums, and in the excitable second scherzo Dance, brought to a powerful climax. An intriguing piece, with some elusive, delicate resonances, and worth the Sinfonietta's while, I should have thought, to include in another programme soon. It can be heard again this month at a concert played by the 20th-century Ensemble at the Royal College of Music on February 22.

The evening's other new piece, *Shade Never Was Sweeter Than The Planetrees*, subtitled "aria for orchestra," by David Sutton-Anderson (b 1956), is described succinctly by the composer's own short programme-note—"An impression of a Larghetto in F major, in G, requiring suspended musical disbelief." And sure enough the impression, disbelief suspended, is of a quarter-hour of luscious tonal doodling for classical orchestra, heavy with sighing suspensions, slumbrous with neo-classical perfume. I found it very pretty and enormously somnific: just the right music for a drowsy Sunday afternoon, and perhaps just not quite right for Monday. Sutton-Anderson is a pupil of, among others, Maurizio Kagel's in Cologne. It's tempting, though not always edifying, to detect a teacher's influence — evident here perhaps only in the generally unexpected and slightly zany nature of the enterprise, and more particularly in certain trademarks of the writing itself.

THEATRES

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Theatres are continued on Page 12

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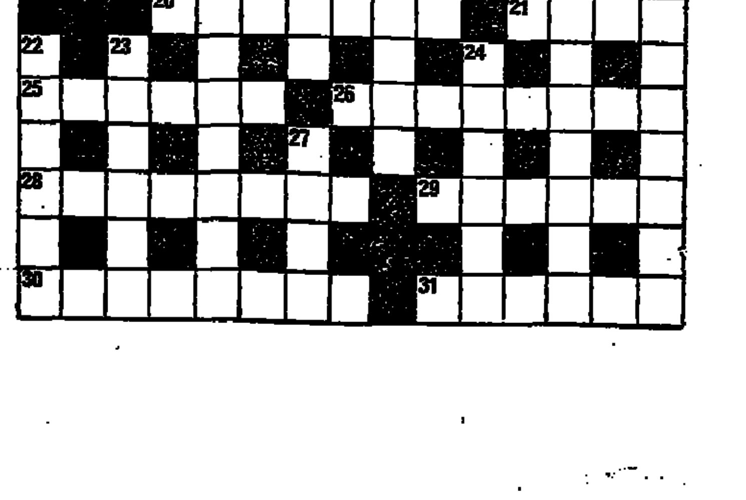
F.T. CROSSWORD PUZZLE No. 4,788

ACROSS

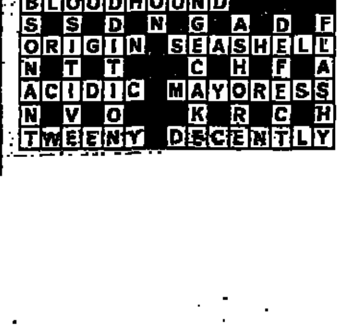
1 Frustrate, or it may give support to speaker (6)
4 Sailors in the drink (8)
9 Bacon with fat on (6)
10 Death o' fish or part of fruit (8)
12 Early peas from town on the south coast (8)
13 Move rapidly in one's profession (6)
15 Old U-turn in game on board (4)
16 Give support to part of a bed (7)
20 Where they wash the French and German railway (7)
21 Fix a bristle (4)
25 English country property (6)
26 The framework of capital punishment (8)
28 Digger, but not necessarily an Australian (8)
29 Female gypsy and soldier joining 'Terriers' going to North Africa (6)
30 Left at home with a senior nurse around (8)
31 The cost of explosive for an onset (6)

DOWN

1 What mechanics make as a means of escape (8)
2 Dismiss team at home (8)
3 A short casual call to watch television (4-2)
5 Cause to adhere to a debenture (4)
6 A great admirer of an auxiliary international language subsequently (8)
7 Puzzle an aggravator (6)
8 Former saucy specialist (6)
11 Silver ring found on the shore (7)
14 Bird making East German wealthy (7)
17 Dull hair filling part of bed (8)
18 Elegant girl coming out and broadcasting (8)
19 Frenchman and dissolute person making up a poisonous plant (8)
22 Covers us against loss of company? (6)
23 Mark is about right for producing stock (6)
24 Aloof in manner from seafood (6)
27 A fruitful appointment? (4)



Solution to puzzle No. 4,787



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Wednesday February 3 1982

An evasive alternative

YESTERDAY the Confederation of British Industry published its quarterly survey of industrial trends, showing a discouragingly flat picture, despite some revival of confidence and the beginnings of a recovery in investment. The profits picture is improving, but sales remain flat, and there is no sign of any general upturn. Later, the confederation's president briefed MPs on the CBI's case for a modest fiscal stimulus in the coming Budget.

Evidence

At the same time the TUC published its "Programme for Recovery," a call for a far more drastic injection of demand—£8½bn to the CBI's £1½bn. These calls have become part of the annual Budget ritual; but the TUC may get a rather more attentive hearing than usual this year. A series of false dawns and an outlook now clouded by a sharp U.S. recession and contradictory U.S. policies have undermined faith in the Government's present strategy.

With unemployment still rising sharply, and the CBI's latest evidence of extensive idle capacity, the case for a drastic change of course seem more persuasive than before. What is more, the TUC plan comes with the apparent imprimatur of a "run through the Treasury model"; on the Government's own assumptions, the TUC argues, its plan would work. This is a claim that deserves examining.

It must be said at once that the plan does not survive this test. The plan is evasive—a kind of electioneering shadow Budget—and the apparent imprimatur is a dud. The Treasury model is not designed for exercises of this kind, as is shown by the very varying forecasts and policy prescriptions produced by private users of the model; it is designed to test the effect of fiscal and monetary actions within a set of assumptions fed to it. The TUC's "technical" assumption that interest rates could be held constant under its plan—or for that matter under any likely circumstances—takes us straight into cloud-cuckoo land.

The plan turns out to be the familiar Alternative Economic Strategy, with one Italian-designed extra, and a rather tricky form of presentation.

Misleading

The new feature, a scheme of import deposits on Italian lines, is one of the tricks; for the supposed revenue from this scheme, on a scale which is not stated, is shown to eliminate the rise in public sector borrowing which would otherwise result from the programme as a whole. This chicken would come home to roost in 1983. Equally, the inflationary impact of a "controlled depreciation of sterling"—the means of control are not suggested—is offset by the proposal to cut value-added tax by 2½ per cent. Again, the true results would appear a year later.

The biggest evasion of all, however, is over wages. These are only discussed in a misleading passage which argues that real wages have nothing at all to do with the level of employment—in which case it is hard to see what is supposed to be gained by any depreciation of sterling, controlled or otherwise. But the main danger of any measures which raise prices is the fact that they are likely to start a new wage-price spiral, as we saw as recently as 1980.

Resources

The economics of the document, in short, is not worth the voluminous paper it is written on; and this is a pity, because there is a case to be made for some of the measures the TUC proposes. The financial and the real world are not so far out of touch that there is any insuperable bar to putting idle resources to work, as the CBI argues.

We have repeatedly argued that stringencies which bear mainly on real investment in the public sector may make matters worse rather than better. Where there is a clear need, as for housing to assist labour mobility and meet demographic demand, or for overdue replacement of roads and sewers (but not, pace the TUC, for adding to the 28 per cent overcapacity of the electricity industry), then it should be financially possible to use the resources now available at a historically low real cost.

The Lloyd's Bill under attack

A CRITICAL stage in the passage of the Lloyd's Bill will be reached today when the House of Commons debates Lloyd's first major reforms of its self-regulatory mechanisms this century. The Bill has attracted opposition within Lloyd's among a number of members who argue that the Bill should be withdrawn or at least amended extensively by Parliament.

The main issue which has aroused the opposition of members of Lloyd's and the concern of some MPs is the question of immunities. Lloyd's is seeking from Parliament a legal immunity which will protect a new ruling council from legal action in the form of suits for damages by members of Lloyd's, and those who work in its marketplace.

Conflicting

Lloyd's has argued that without some form of immunity the new council would not be able to act with confidence in dealing with future problems which arise within the institution, particularly if it was forced to take action against a powerful commercial interest such as a Lloyd's broker.

In drafting this immunity clause Lloyd's has tried to reconcile a number of conflicting interests: those of the policyholder, the brokers and active underwriters at Lloyd's, the non-working members of Lloyd's who provide the capital to allow the market to function, the council, and the Lloyd's marketplace.

Lloyd's has sought to protect the consumer interests of the policyholder who buy insurance from the market's underwriters. They, the consumers, can sue the society of Lloyd's for damages or any other form of liability under the new legislation.

The members of Lloyd's cannot sue for damages although they can challenge any action of the council which they believe to be ultra vires or taken in bad faith. It is necessary that Lloyd's should be offered a form of protection for its council so that it can take action against brokers and underwriters who may be operating against the interest of the outside members of Lloyd's, without that action being deterred by the threat of suit for damages.

Narrowed

In framing the legislation Lloyd's has failed to satisfy some outside members, who feel that they will not have sufficient legal rights to seek recovery in the courts for actions taken in the Lloyd's community which could be against their interests.

Lloyd's has already narrowed the scope of the immunity clause considerably since it was first put before Parliament but not enough to satisfy its critics.

Lloyd's must be prepared to examine the wordings of the new immunities clause to ensure that the legislation is as tightly worded as possible. But the principle underlying the clause is sound and it remains an essential part of the legislation.

Apart from immunity, the other contentious issue remains the need to eliminate conflicts of interest in the market's structure. Parliament has already decided that it would be wrong for Lloyd's to be granted extensive self-regulatory powers, supported by law, if there are basic conflicts within the market which undermine the effectiveness of those powers. Parliament rightly concluded that brokers, the buyers of insurance, should not own or control underwriters, the sellers of insurance.

Protests

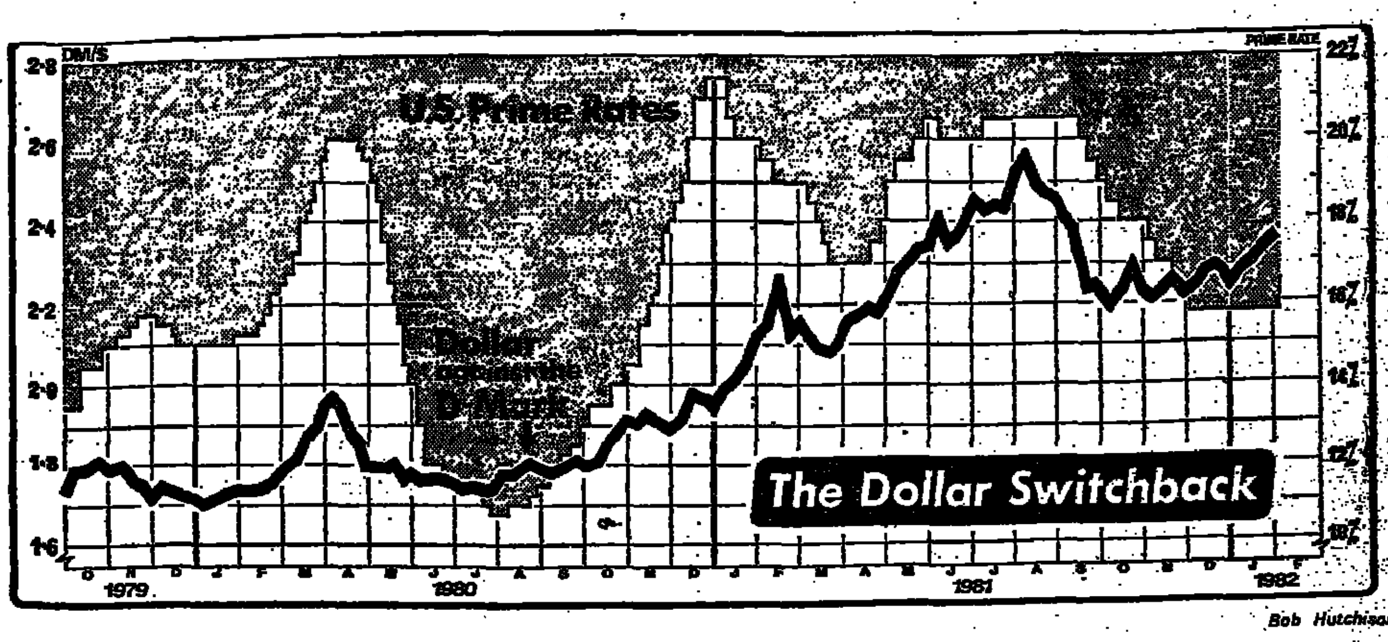
Lloyd's was right to accept that divestment of brokers' links with underwriters is necessary to operate a fair and effective self-regulatory system. This clause, too, is fundamental to the new legislation.

The main threat to the passage of the Bill now comes from a number of sectional interests which are joining forces in an attempt to emasculate it. A great deal of work has gone into the Bill and a majority of Lloyd's members have supported it. To allow the Bill to fall in response to protests from a vocal minority would be a disservice to the London insurance community. The legislation is badly needed to provide a modern disciplinary framework for a City institution which must continue to inspire international confidence.

U.S. INTEREST RATES

'Something has snapped'

By David Lascelles in New York



FOR the first time in seven months the U.S. prime rate is on the rise again, sending tremours of apprehension through the faltering American economy and imperilling efforts by European countries to bring their own interest rates down.

The change could hardly have come at a worse time for the Reagan Administration which needs to get activity going again, and it presents some tough decisions for the Federal Reserve, on whom all eyes are now fixed.

Citibank's decision to raise its rate by a stiff ¾ per cent on Monday to 16½ per cent cannot have been taken lightly. The banks have been trying for weeks to hold off what was bound to be a highly-charged step. But with Wall Street working itself into a near frenzy over the dramatic, unexpected and possibly uncontrollable growth of the money supply this month, the banks were bound to have to decide before long that they were in the business of making money, not dishing out hope.

The crisis could still blow over, especially if the U.S. money supply starts coming down in the weeks ahead. But after Monday's huge increase in interest rates and the collapse of morale on the stock market, rolling things back will be that much harder. "Something has snapped, and it's going to have to be mended," said one Wall Street analysts yesterday.

Only a week ago Wall Street was still hoping that the alarming bulge in the money supply was an aberration that could be dismissed. The economy is in such poor shape that money supply should be flat or even falling. Mr Paul Volcker, the chairman of the Fed, hinted last week that he thought there were technical reasons for the rise in the money supply, and said he saw no reason to raise the Fed's discount rate immediately. That would have been a clear sign of a credit policy tightening.

But whatever optimism Wall Street was able to muster last week was swept away by the Fed's weekly financial report last Friday night which contained two pieces of alarming news.

One was that M1, the main money supply measure which is causing all the trouble, had not fallen sharply as expected. The second was that the U.S. banking system last week suffered its worst shortage of reserves in nearly two years.

Since the Fed conducts monetary policy by controlling the flow of reserves into the system, this suggested that it was trying to choke off credit in an effort to regain control of the money supply.

Many analysts dispute this view. But what mattered was that Wall Street's financial markets took it as confirmation of their worst fears, and hurried for cover, producing the sharpest one-day fall in share prices and rise in short term interest rates for months.

Ironically, the "technical" theory for the money supply bulge is still the most popular: M1 (currency in circulation and readily accessible bank accounts) always surges in January for seasonal reasons to do with tax flows, investment decisions and even the weather which can delay bank documents and clog up the system. This is why many people on Wall Street still expect the next money supply report on Friday to show a sharp fall.

But the nature of the crisis has been sharpened by the timing. This week, the U.S. Treasury is trying to sell a record $10bn of debt to finance its deficit, which has made Wall Street very nervous. The Fed was yesterday also holding its first policy-making meeting of 1982 to set money supply growth targets for the year, and these will be crucial to the behaviour of interest rates.

Meanwhile, in Washington the Reagan Administration—which has recently made no secret of its dissatisfaction with the Fed's "erratic" handling of monetary policy—is putting the finishing touches to its budget, which will be announced on Monday. A key component of that budget is the cost of financing Treasury debt. Thus far, the White House has consistently underestimated this cost because U.S. interest rates have been so high.

Thus, even though the crisis may have been stoked up by synthetic fuel, it threatens to ignite a highly volatile political mixture. This makes the Fed's decision about how to respond all the more difficult.

Given that the Fed has already slightly tightened its grip on credit (though to what degree is hotly disputed on Wall Street), the choice now appears to lie between a further tightening and possibly an increase in the discount rate (currently 12 per cent, well below market rates of interest) or hanging on grimly in the hope that the crisis will ease over the next two or three weeks.

The Fed will probably be reluctant to do anything to suggest it wants interest rates to move broadly upwards because of the weakness of the economy. Not only might this look like a panicky reaction to something which could still have a perfectly harmless explanation. It might even suggest that the Fed thought the money supply was soaring for genuine reasons—like the first stirrings of economic recovery—in which case it would look as if the Fed was trying to squash the very thing for which people had been waiting for months.

The straggling response of other major banks yesterday to Citibank's move on Monday reinforces the feeling that a wait-and-see attitude may still be justified.

Once again, though, the trigger will be that single figure that comes clattering across the Wall Street newswires at 4.10 pm every Friday: the weekly M1 report. If it falls by a large amount the day after tomorrow (say $5bn or more), the sigh of relief will be so loud that it will echo round the world. If not, the weeks ahead could still be grim.

Once again, a dollar storm frustrates Europe

EUROPEAN governments trying gingerly to relax monetary policies to help steer their way out of recession are rather like the hapless bathers in the film Jaws. Just as they are about to go back into the water, hopes of economic recovery are being snapped off by the basking shark of higher U.S. interest rates out in the lagoon.

The fresh wave of tighter credit now sweeping in from the Atlantic is the fourth American-inspired interest rate surge which Europe has faced in the past two years.

The new barrage could hardly have come at a more crucial time for the world economy. It has arrived just at the moment Britain, West Germany and the rest of Europe had cautiously begun to take concerted action towards cutting interest rates, partly in order to curb the politically and socially explosive rise of EEC unemployment.

It also looks likely to put a dampener on economic growth in Japan—a blow to hopes that an increase in Tokyo's imports would help lessen protectionist pressures.

The fresh rise in international borrowing costs has put more strain on the fragile economies of heavily indebted developing countries, from Poland to Brazil.

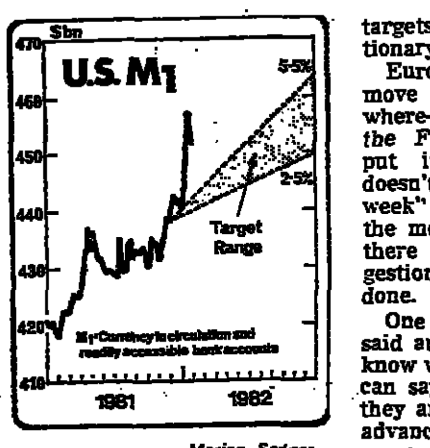
Most important of all, the latest pressure from America could further damage the already strained relationship between Europe and the U.S. over defence and links with the Soviet Union.

In the economic field, relations are already worse than during the time of the dollar crisis in 1977-78—although not yet as bad as the transatlantic rift that took place with the devaluation of the dollar under President Nixon in 1971.

European Finance Ministers and central bankers—including Britain's Sir Geoffrey Howe and Mr Gordon Richardson, who were previously out on a limb—are now speaking with one voice.

They are all urging the U.S. to cut its budget deficit and to alter the techniques of its monetary policy in order to bring down the dollar and curb the volatility of interest rates.

Unfortunately, although the Federal Reserve is sympathetic, the protests have fallen on deaf ears where it counts — in the



Administration. The proof of this was President Reagan's refusal to follow the prescription of many of his advisers and announce tax increases in last week's State of the Union message.

Along with the frustration in Europe has come a sense of powerlessness. Having counselled the U.S. for years to restrain monetary growth, European policy-makers are aware that they cannot simply ask the Americans to give up their H1 targets. That would risk an inflationary upsurge.

Europe would like the U.S. to move to a monetary system where—as M Jacques Delors, the French Finance Minister, put it last month—"Jupiter doesn't fall from the sky every week" with the publication of the money supply figures. But there are few practicable suggestions for what should be done.

One European central banker said angrily yesterday: "I don't know what to do. We Europeans can say to the Americans that they are fools. But that doesn't advance you very far. About all we can do is to wait for the money supply to turn down."

By sucking international funds into higher-yielding dollars, the fresh rise of U.S. interest rates has triggered off a renewed decline of European currencies—above all the Deutsche Mark—against the dollar.

European central banks have done very little to try to stem the decline through foreign exchange intervention because market forces have been too strong—although the Bank of Japan has been intervening fairly heavily in Tokyo to try to brake the slide of the yen.

With sterling still very strong against Continental currencies, and losing only moderate ground against the dollar, the Bank of England has been able to sit on the sidelines. On Monday it was even able to make a further inch-by-inch reduction in its money market intervention rates as part of a continued bid to ease down UK interest rates.

Meanwhile, unless the latest dollar surge is soon reversed, European governments may once again find themselves in the uncomfortable predicament of having to put up interest rates to maintain price stability and prevent a further rise in import prices.

That would be a particularly hard decision for the West German Bundesbank at a time when the Bonn coalition is attempting to put together a programme of modest reflation. Ironically enough, the wrangles in Bonn about this package have been one of the factors adding to downward pressure on the D-mark.

EEC central banks at least can take comfort from the weakness of the oil market, which means that the effect of the strong dollar on import costs will be muted for the time being. The Bundesbank yesterday was also pointing out, together, which lessens the impact of the European Monetary System are at least falling together, which lessens the impact on individual economies.

If European countries stick to a policy of allowing their currencies to slip together against the dollar while the U.S. monetary squall blows itself out again, the damage may be manageable.

"Competitive interest rate rises in which European countries tried to outbid each other would wreck this strategy. And yesterday's increase in interest rates in Switzerland may be an ominous signal that the present "unity" may not last.

Next week's meeting of central bankers in Basle will be able to do little but take stock of the scene on the foreign exchanges. "We will be listening to the chaps from the Federal Reserve," said one Bundesbank official yesterday. "They are the only ones who have a cool head. But what can they do?

David Ma[illegible]

Men & Matters

The return of the native

After spending close on three years sorting out Vauxhall's problems, Ferdinand Beickler is returning to Germany to become Opel's first German-born chief executive since General Motors took control in 1926.

The policy of installing Americans at the top of its German subsidiary has brought GM growing criticism from German newspapers. Local pride was deeply offended when Bob Stempel was drafted in from Detroit as managing director in September 1980.

But now, in one of those hasty corporate reshuffles that suggest fresh trouble brewing, Stempel has been recalled to the U.S. and provided Opel's supervisory board gives its approval on Friday, Beickler will step into his place.

Vauxhall, in turn, gets an American, John Fleming, at the top—though I gather GM's policy is to bring in a British-born boss as soon as possible. The last was Sir William Swallow in the early 1960s.

Beickler, who is 59, joined Opel in 1937 as an apprentice toolmaker and spent nearly all his working life with the company, emerging as its production chief.

His main task at Vauxhall has been to improve productivity. This has involved cutting the workforce by more than 8,000. It now takes only 40 per cent more time to build a car at Ellesmere Port than in Belgium or Brazil. It used to take two and a half times as long.

Beickler will continue to employ his production expertise with Opel, which has been given responsibility for the new GM plant in Spain where the group's "S" car—a new competitor in the Fiesta-size market—will be made.

It always seemed likely that Beickler would end up in Opel's driving seat. But he gets his promotion earlier than expected because GM obviously feels it needs Stempel urgently back in the States.

The 48-year-old Stempel has been tipped as a future GM president and this latest move confirms that impression.

But the immediate reason for his recall seems to be the need to put some zip back into Chevrolet, GM's major car business in the U.S. and vital to the group's general health.

Chevvy's traditional customers seem to have been confused recently by GM's policy of reducing the size of most of the cars it sells and offering some of them through all its divisions—Oldsmobile, Pontiac and Cadillac as well as Chevrolet.

Child's play

Sony chairman Akio Morita came under fire at the European Management Forum in Davos yesterday—from a German businessman who claimed that the tiny "Walkman" cassette recorder was inhibiting human communication.

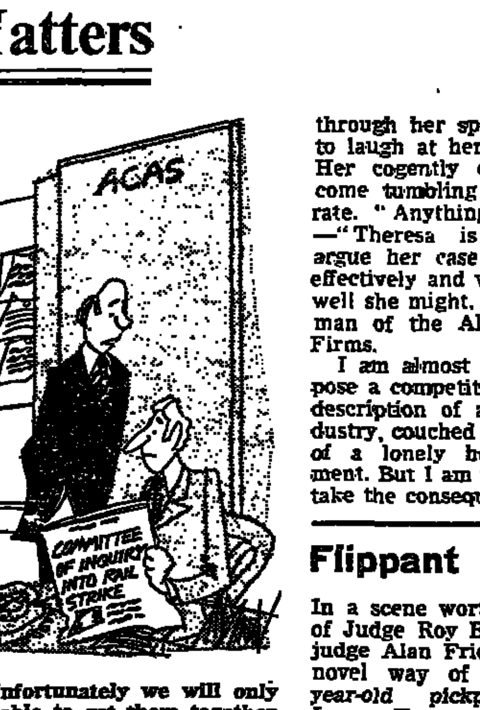
Morita was, however, quick to defend his product. The company had, he said, received many letters from harassed parents only too happy that their noisy offspring had plugged themselves into these private stereo sets.

Long position

My congratulations to Alexander Bowhill, longest serving member of the Stock Exchange, who yesterday celebrated 60 years as a stockbroker.

Bowhill, who will be 88 in April, joined Bell Cowen in Edinburgh as a partner on February 2, 1922. He is now an associate member with Bell Lawrie Macgregor.

A former chairman of the British Investment Trust and the Scottish Provident—from whose board he retired in 1979 after 40 years' membership—



"Unfortunately we will only be able to get them together on the days ASLEF aren't on strike"

Bowhill lives in Kincardineshire.

Having served in the Lovat Scouts in the 1914-18 war, Bowhill was awarded the CBE as commander of the Lothian region's Home Guard anti-aircraft defences in 1939-45. Bowhill also held the fort for his firm during those years, nipping into the office between his ack-ack inspections to sign the contracts which his wife had written out in longhand.

Personal note

Public relations is, I know, all about enhancing the attractiveness of the client. But a West End firm called Business Expansion seems to have a subconscious desire to enter the computer dating business to judge from a lunch invitation which arrived on a colleague's desk the other day.

"Teresa"—Gorman, the client—"is a 40-ish dynamic woman with curly hair and puckish eyes, which she flashes at you through her specs. She is able to laugh at herself and others. Her cogently expressed views come tumbling out at a great rate. "Anything else? Oh yes—"Theresa is well able to argue her case for capittalism effectively and with charm." As well she might, being the chairman of the Alliance of Small Firms.

I am almost tempted to propose a competition for the best description of a captain of industry, couched in the language of a lonely hearts advertisement. But I am not sure I could take the consequences.

Flippant

In a scene worthy of the days of Judge Roy Bean, New York judge Alan Friess settled on a novel way of sentencing 18-year-old pickpocket Jeffrey Jones. He tossed a coin.

Jones had pleaded guilty, and Friess said he would send him to prison for 30 days. Jones replied that he thought 20 days would be more reasonable.

"Is your client a gambling man?" Friess asked the defending lawyer. Without waiting for an answer, he pulled a coin from his pocket. "Do you have a two-headed coin?" inquired Jones, the question which would have been on any reasonable man's mind in such circumstances. "Call heads or tails," ordered the judge. Jones chose tails, and won the 20-day sentence.

Friess was criticised for his unorthodox methods last year when he released a woman murder suspect without bail, and permitted her to spend the night in his apartment. His toss-up sentencing policy has now been described by Manhattan's district attorney as "outrageous."

Crossed lines

"Bad spellers of the world uniet"—graffito.

Observer

SIR MAXWELL JOSEPH

A grand hotelier's luck

Ian Rodger and Robert Cottrell talk to GrandMet's chairman

SIR MAXWELL JOSEPH smiles diffidently when asked about the traumatic aftermath of Grand Metropolitan's takeover of Watney Mann 10 years ago.

"I was insolvent," he says simply, recalling the collapse of the Grandmet share price from a 1972 high of 276p to 18.5p three years later.

"Well, not quite," he added, in a rare interview last week. "But if the shares had gone down another penny or penny ha'penny, I would have been."

It seems hard to believe that the robust company that is Grand Metropolitan today—more than £3bn in sales and £186m in profits before tax last year—was once on the verge of collapse.

And it is not immediately obvious why Sir Max, who started after the war with only a bombed-out hotel in Marylebone, has been much more resilient than the dozens of other financial high flyers who have come and gone in the past third of a century.

He does not work long hours. Nor, at 71, does he have any of the bluster, or entourage, of the stereotype tycoon. Modest and fragile, his manner *is reminiscent* more of an elderly university don than of the powerful chairman of one of the world's largest companies.

Anybody who could accurately analyse the secret of Sir Max's success would probably have a £3bn business of his own by now. But insofar as his managerial style and rare public reflections leave any clues, his great strengths are: a rarely falible instinct for the worth of both property and people and an unrivalled eye for the hotel business on which Grandmet is founded.

There are said to be few hotels of importance in the world which have not felt the touch of Joseph's mental slide-rule. Much of his life is spent in hotels—his own and other people's—and his eyes are never off-duty.

He works alone, a few streets from the Grandmet group offices in Hanover Square which house managing director Stanley Grinstead and his deputy, Clifford Smith and their remarkably modest headquarters staff of 40. "The three of us decide," says Sir Max "and if we agree, the rest fall into line."

Another project for the future sees Sir Max in a rare supporting role. The award of three Michelin stars to Le Gavroche in Mayfair has stirred the ambitions of Lady Joseph (above) for her own restaurant, The Snooty Fox, round the corner.

The only significant change in this arrangement over the years was the departure early in 1980 of Ernest Sharp, who made way for Clifford Smith. "Gloom and boom," or "Pinky and Perky" were nicknames attached to Grinstead and Sharp, so indissolubly did they seem to be linked over a 25 year period at Grandmet. Sharp the talent-spotter and Grinstead the number-cruncher.

But it was as if the two were an embarrassment of riches. Mr Sharp "left of his own accord—he had no alternative," explains Sir Max in a nicely-balanced phrase.

In an era of workaholics Sir Max has been remarkable for his professed four-day, 16-hour week. He prides himself on his ability to concentrate only on important decisions without getting bogged down in details. The result is that despite Grandmet's size, it retains the agility to make opportunistic strikes like the purchase of Liggett, the U.S. liquor and tobacco group, in 1980, and the Intercontinental Hotels group last year. Each cost over £250m.

Perhaps the best example of Sir Max's ability to turn on a sixpence is the Watney Mann bid in 1972. On the morning of August 27, 1971, he sat in his office dismissing suggestions that—in the wake of his successful bid for Truman's—he might buy a national brewery chain. In mid-afternoon came a chance to buy a strategic stake in Watney. He took it.

That bid set a new British takeover record—not only for price but probably for acrimony, too. Sir Max had said through the 1960s that he had no appetite for contested bids. But at Watney, and at Truman's before it, he proved that he could win the fiercest of fights.

Despite—perhaps, indeed, because of the *ferocity* of the battle—Sir Max still counts the Watney affair as the greatest triumph of his career. His face lights up at the recollection of it. He has, however, decided that he has now seen enough of the fray. Some of today's contested bids are "distasteful," he declares.

It is no secret that Sir Max has been battling over the last year or so with a serious illness which took him out of the public eye.

But last week, he was up and smiling at a reception in Sloane Square, Chelsea, signalling to anybody who had the temerity to doubt his toughness that he, like Grand Metropolitan, had come through. Indeed he now claims to have added a fifth day to his working week, and to enjoy it.

One matter which now looks like taking up some of that extra time is Norfolk Capital Group, a quoted company chaired by Sir Max but with a lacklustre record. "It took me some time to find out that the management was not as good as I thought it was."

Sir Max: eyes never off-duty.

A year ago, he brought in his son-in-law Peter Eyles as managing director, and Norfolk is adopting the Joseph axiom that lazy assets must work or go.

Another project pencilled in for the future sees Sir Max in a rare supporting role. The award of three Michelin stars to Le Gavroche in Mayfair has stirred the ambitions of his wife, Lady Joseph, for her own restaurant, The Snooty Fox, round the corner in Hertford Street.

She hopes to transform her relatively modest establishment into something worthy of two stars, if not three. That goal is vastly ambitious—but between them the Josephs have been in tougher battles, and won.

"Max," says Lady Joseph, "is very lucky."

The March Budget

Why Howe should help the company sector

By Alan Budd

IF THE Chancellor can "give some money away" in this year's Budget (as the highly misleading phrase goes), should he be generous to companies? I take it for granted that the Budget will maintain the Government's strategy of reducing the underlying rate of inflation through a steady reduction in the size of the Public Sector Borrowing Requirement and the growth of the money supply.

It should be accepted that the path of the PSBR should be set flexibly to allow for variations in the level of output. The experience of the past two years also establishes the need to use a range of indicators of monetary conditions including the exchange rate, and policy has clearly moved in this direction. However, such issues, though extremely important, are not my present concern.

The reason for interest in companies is easily enough stated. Total output is about 6 per cent lower than it was in early 1979. Employment is 7 per cent lower (and still falling) and unemployment is 1½m higher (and still rising). Since the Government plans to hold down public expenditure, output and employment will be restored only if the level of private sector output rises sharply from its present level. What can the Government do to help?

At the moment, all the attention is on short-term problems and it is important to try to understand their causes. It can be accepted that one cause is the fall in demand associated with the Government's counter-inflationary policies: but the fall in final demand has been relatively small compared with the fall in output. The gap between the two has been met by running down stocks. That, in turn, was a reaction to the combination of the rise in wages and further strengthening of the exchange rate during 1980 and part of 1981.

Between the second quarter of 1979 and the beginning of 1981 average labour costs in Britain rose by 40 per cent relative to the prices of our competitors. The result was a squeeze on profit margins. It was not as severe as it might have been (foreign suppliers were happy to sell their goods in the UK at our high prices) but it was severe enough, as current levels of unemployment testify.

We thus have a short-term problem in which the main change needed to restore output and employment is a reduction in labour costs. As the Government is emphasising, the problem of competitiveness is beginning to be solved. Productivity is rising rapidly, the rate of increase in wages has slowed and competitiveness has been further helped by the fall in the exchange rate. The recent growth in productivity however has only brought it back to where it was at the beginning of 1979 (although productivity *per man-hour is rather higher*) and labour costs relative to our competitors' prices are still 20 per cent higher than they were when the Government came to office.

> ❛ The solution to our long-term problems requires changes in the conditions of supply ❜

There is still, therefore, a short-term problem of excessive labour costs and firms are likely to try to solve this problem not only by resisting wage claims but also by shedding labour. That may solve the short-term problem, but we would all like to see a future in which both employment and real wages can rise together. That can only happen if both employment and productivity can grow at the same time.

What can a Budget do about this? The beginning of wisdom is to realise that the honest answer is "very little." Once the current short-term problems are solved, a combined growth of employment and productivity will require sustained investment but the private sector will invest only if it is profitable to do so. Profitability is not something that can be provided by Budget statements. There have been investment booms in the past which have yielded poor returns because they have not generated increases in labour productivity, and there is very little the Government can do—by its conventional Budget measures—to change that.

It is certainly not obvious that generosity to the company sector will improve the performance of the economy. But if the Government can make some tax concessions in this Budget within the broad constraints of the Medium Term Financial Strategy, I believe that they should be directed towards companies. At its simplest the choice lies between giving them to the personal sector in the hope that tax concessions will spur a growth in demand which will encourage companies to raise output, giving them to companies in the hope that they will raise company expenditure (on stock-building in the short term and on investment in the longer term) or using the surplus to reduce the borrowing requirement in the hope that this will help to keep interest rates lower than they would otherwise be.

The claims of the personal sector seem weak after the exceptional growth in real incomes in 1978 and 1979. As far as companies are concerned, the cynical view would be that the tough treatment of the company sector in recent years has had welcome results in terms of productivity and that it has by no means discouraged investment. There is certainly a risk that generosity to the company sector would be dissipated in meeting excessive pay claims, thus destroying the hope of reducing unemployment; but under current conditions that risk should be small.

I would favour a reduction in the National Insurance Surcharge to encourage employment. I disagree with those who argue that the concession is too general. It is, of course, manufacturing that has suffered the greatest falls in output and employment but we should not favour policies which inhibit the necessary restructuring of the whole economy.

Professor Alan Budd is Director of the Centre for Economic Forecasting at the London Business School.

Letters to the Editor

Reservations about the Lloyd's Bill

From Mr Robert Kiln

Sir,—My reservations about the Lloyd's Bill are shared by many in the market.

The issue is whether a great increase in regulation coupled with immunity will gradually stifle and strangle a great national institution.

The Bill would disenfranchise external members from electing their Committee. That Committee can elect its Chairman without a ballot. The Committee and chairs will have wide powers over members underwriting and all who work at Lloyd's. They then seek an unprecedented immunity from not only members but all who work in the market.

No wonder some MPs express grave doubts and no wonder some of us are concerned.

For over a year these concerns have been expressed and ignored.

I appeal to Peter Miller even at this last moment to show a little flexibility for the sake of Lloyd's and to concede as a good broker should that there may be some merit in the views of others.

An undertaking given now to Parliament that the three matters of fair representation, immunity, and no compulsory divestment will be conceded or at least amended during the Bill's further progress could permit those MPs who are rightly concerned to vote for the Bill tonight.

Robert Kiln.
The Oast House, 1 Maltings Mews, West Street, Hertford, Herts.

Behind the design in industry

From Mr W. H. Bailey

Sir,—I suppose it is too much to expect a professor of a non-subject such as Political Economy to have the wit to comprehend the real nature of industrial design and management (Prof Mitchell, January 28).

Very briefly, the reality is that as long as the wheel is unsurpassed, mechanical engineering will form the back-bone of industry; and its products must of necessity be based on complex mathematical analysis. The crucial step is to ensure that the design is capable of economic production, and then to design and install efficient production processes. After the investment in hardware comes the complex software of production control systems, followed by the unenviable task of operational management. All these tasks require great technical expertise (though in some cases additional knowledge of styling and ergonomics is desirable).

We do not need more people who can "design" pretty casseroles and avant-garde furniture. What we need is people who can design and manufacture first class gas turbines, generators and gear boxes; and, above all, the climate in which young people aspire to become another William Morris or Andrew Carnegie, rather than potters and screen printers.

This country was the workshop of the world, and could be so again if we were only spared the influence of whining social scientists and their ilk, so that engineers and entrepreneurs were free to get on with the job, and industry was not bled to support these parasites.

W. H. Bailey.
Cliff House, Llancarfan, Barry, South Glamorgan.

Information about water charges

From the chairman, Severn-Trent Water Authority.

Sir,—Chairmen of water authorities have followed with interest the passage of the Local Government Finance (No. 2) Bill. I and my colleagues readily accept that consumers need clear rights of access to the accounts and facilities to raise objections to them if need be. This is equally true for all nationalised industries and if there is a need for any strengthening in this area it is to this issue that members of the House should direct their attention. I think it would be singularly unfortunate if water authorities continue to be left in "no mans' land" not knowing whether they are subject to the rules applicable to nationalised industries or those relating to local authorities.

Water authorities, who derive almost all their income from charges and, with the exception of land drainage and the environmental services charge, very little from taxation, must be treated in exactly the same way as the other nationalised industries. The changes now being contemplated in this area, and covered by the consultative document on the consumers' interests and the nationalised industries, should meet fully these needs. Moreover in most cases I believe the facilities provided by nationalised industries are already superior to those available to a ratepayer. The access to information relating to the accounts of local authorities is limited to annual inspection of the accounts at audit and to very restricted access at other times. Indeed I suspect that the absence of a code of practice in relation to the disclosure of information arises for no other reason than it would have focused attention on the need for the ratepayers' statutory rights to be strengthened.

I recognise that the Companies Acts procedures, under which the audits of nationalised industries are conducted, are somewhat different from those applicable to local authorities but I do not see that the draft provisions will, in any way, weaken the rights of the consumer. The external auditors will additionally, if the Bill goes through in its present form, have to certify the accounts as being a true and fair view of the financial position. This is not required under the local government audit arrangements and seems to me wholly appropriate when authorities are working to what is tantamount to a commercial remit. I accept that there is no specific requirement to undertake value for money studies under the Companies Acts. In practice, however, greater emphasis is being given to this area of activity but if Government feel that the consumers' interests would be strengthened by imposing a requirement to do so then it clearly should apply generally and not merely to water authorities.

There does exist a real danger that, if the Minister for local government and environmental services bows to the pressure he is no doubt coming under to apply local authority rules to water authorities, the opportunity will have been lost to sever, once and for all, the umbilical cord between local government and the water authorities.

Sir William Dugdale.
Severn-Trent Water Authority, Birmingham.

Building society management

From the Secretary-General, The Building Societies Association

Sir,—Mr Peter Maxted (letter January 29) misunderstands how building societies work and seriously underestimates the quality of building society Boards of Directors. Indeed, so seriously does Mr Maxted misunderstand the position that at one stage he even argues against himself, by saying that the Building Societies Act provides for a retirement age of 70 and that the rule has been circumnavigated. On the contrary, there is no statutory age limit in the Building Societies Act but a number of building societies have introduced their own age rules.

Societies are not run by a collection of "well meaning amateurs supplemented by ex-Chief Executives." Most of the larger societies have Boards of Directors which are on a par with those of leading commercial companies while smaller societies quite properly draw on local expertise.

Attendance at Annual General Meetings does tend to be sparse but it is quite wrong for Mr Maxted to suggest that "armed with the proxies of staff, directors have been able to re-elect themselves year after year." Most elections are uncontested (presumably because the membership is content with the running of the society) and so proxies are unnecessary, be they from the staff or anyone else. As there are over 600 investing shareholders to each member of staff, the preponderance of voting strength is always, and rightly, with the members generally.

It is accepted that building societies face a much greater challenge in the future than they have in the past and that they will need top quality Boards of Directors if they are to survive. However, if their Boards were in the sad state suggested by Mr Maxted's letter, then they certainly would not have grown to their present substantial size.

Richard S. Weir.
34, Park Street, W1.

Working the eight-day week

From Mr John Robertson

Sir,—Isn't it about time a system of flexible rostering was introduced for journalists on the Financial Times? It must be a terrible strain having to file copy on the Aslef dispute every day. Your correspondent informs us (January 29) that "minutes from the talks show Aslef firmly stating its aim of sticking to the eight-day week." No wonder the country is in a mess, if that's what they had in 1919.

John Robertson.
88, Pitchford Street, E15.

UK COMPANY NEWS

Reed Intl. up £13.6m at 9 months

WITH third quarter pre-tax profits increasing from £15.1m to £17.7m, Reed International's figures for nine months to January 3 1982 have jumped from £42.1m to £55.7m. UK sales and exports in the third quarter were up from £293.4m to £314.6m for a nine-month total of £943.8m against £838.4m.

The overseas contribution also increased from £251.7m to £300.8m in the nine months, with £97.5m (£80.2m) coming in the third quarter. Total sales were £1.24bn (£1.1bn) for nine months, with £412.1m (£373.6m) coming in the third quarter.

The group has interests in paper, printing and publishing, including the Mirror Group newspapers and IPC.

Trading profits for the nine months were up from £45.6m to £63.8m, with the third quarter contribution being £20.4m (£18m). Interest charges (at nine months) were £3.4m higher at £9.6m. Tax for the same period was unchanged at £13.2m, with the UK share rising from £3.8m to £4.9m.

Attributable profits were substantially higher at £42.4m compared with £28.3m, and stated earnings per share at nine months rose from 25.2p to 37.4p.

Pre-tax profits on a CCA basis were £25.4m (£13.9m) after nine months.

See Lex

John Brown dealings were 'in good faith'

AFTER A two-month investigation, the Quotations Committee of the Stock Exchange has concluded that, on the evidence available, all dealings in the shares of John Brown between November 19 and the sudden announcement of heavy machine tool losses on December 2, including the placing of 5m shares by James Capel on November 30, "were carried out in good faith and without any knowledge of the contents of the circular of December 2."

The committee has also concluded that the document supporting the engineering group's £25m rights issue at 76p in September "neither included misleading information nor failed to disclose information material to the group's prospects as a whole." The committee is satisfied that once the facts became known to the board, and their effect of the group profits for 1981-82 could be estimated, a statement was made by the company as soon as practicable.

The committee confirmed that, in these circumstances, a suspension of listing prior to the December 2 announcement of machine tool losses would, in its opinion, have been "inappropriate."

In the view of the Quotations Committee, the Stock Exchange said yesterday: "The behaviour of the company and its advisors in this matter was entirely correct."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cowan, de Groot ... int.	1	April 1	1	—	3.5
Gold Fields SA 2nd int.‡	165	March 26	125	—	300
IDC Group	4.24	—	3.85	5.57	5.06
Prestige	4.38	April 6	4.38	6.88	6.88
Unitech ... int.	2.8	April 1	2.52	—	7
Zetters ... int.	0.85	April 3	0.85	—	2.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

The investigation was sparked off when the Stock Exchange received bitter letters of complaint from two of the institutions which had purchased some of the shares at 78p from brokers James Capel, in the placing of 3.8 per cent of John Brown's equity. The shares were sold on behalf of clients of merchant bank, S. G. Warburg.

The rights issue document did not contain a forecast for the year to March 1982, but the statement from Mr John Mayhew-Sanders, the chairman and chief executive, asserted that the "trading performance and profitability" had shown "a most encouraging resilience." However the issue took place on what became known as Black Monday on the stock market and only 9.3 per cent of the shares were taken up.

On December 2 John Brown revealed that it had subsequently uncovered "serious management shortcomings" within its machine tool division which was expected to turn from a £1.3m profit to a £4m loss for the year. In addition, market conditions for many of its manufacturing operations had worsened dramatically. It meant, the group warned, that overall profits would not reach the previous level of £14.2m. The shares promptly shed 16p to 62p.

At the end of last week, John Brown repeated its estimate of a near £4m loss for the machine tool division but the group felt that overall profits for the year would "not now prove to be far short" of the previous £14.2m. The outlook for the largest division, construction and engineering, the chairman said, continued to improve.

Zetters falls sharply halfway

BOTH THE pools and the bingo companies at Zetters Group have been seriously affected by the adverse trading conditions which were highlighted in the chairman's last annual report.

Taxable profits for the six months to September 30, 1981 fell sharply from £736,614 to £469,920, a fall of 36 per cent which was in line with expectations. Conditions are now improving, say the directors, and a steady return to normal is expected.

However, the directors add that with only two months of the financial year left, it is not possible to recover lost ground completely. They expect profits for the year to be in the region of £1m. In the last full year pre-tax profits were £1.56m on turnover of £13.55m.

Turnover rose from £5.89m to £6.13m. The net interim dividend is being held at 0.85p — last year's total payment was 2.75p. Earnings per ordinary 5p share this time are lower at 3.43p (5.39p).

The beginning of the second half has been very encouraging, say the directors, with profits back in line with those of the same period last year. Unfortunately, they add, the prolonged bad weather from early December severely interrupted pools trading, following which a continuing series of railway strikes is further hampering recovery.

The bad weather has particularly damaged the bingo division where attendances throughout were drastically disrupted during a peak trading period.

The charge for taxation was reduced from £383,000 to £245,800. Profits after tax emerged lower at £224,920, against £353,614 previously.

United Glass £6.2m loss as recession hits sales

THE RATE of losses at United Glass, jointly held by Distillers Co. and Owens-Illinois Inc., slowed in the second half of the year to November 28 1981. The year's pre-tax deficit for the period turned in at £1.61m, compared with £4.62m for the first half and £5.56m for the corresponding period.

However, the amount of ground lost at midway meant that total losses for the year increased from £5.57m to £6.23m.

For the 12 months, there were trading profits of £4.24m (£4.22m), with glass containers contributing £5.49m (£5.42m) and other products making losses of £1.25m (£1.21m). But these were more than offset by redundancy and closure costs of £5.26m (£4.81m) and interest of £5.22m (£4.97m). Turnover totalled £175.04m (£176.15m); the contribution from glass containers being £124.12m (£124.02m) and that from other products amounting to £50.92m (£52.12m).

The directors report that all sections of the group continued to suffer from recessionary conditions affecting their main markets, and there was a further significant reduction in the quantity of goods sold.

Owing to the depressed level of sales and the need to reduce holdings of finished stocks, output was restricted to well below full capacity level. The under-utilisation of facilities attracted increases in unit costs, thereby reducing the benefit derived from higher manufacturing efficiency.

Despite continuing improvements in fuel consumption energy costs increased sharply. Market conditions did not allow selling prices to be raised sufficiently to recover all the unavoidable cost increases.

They explain that higher redundancy payments reflect further action taken to relate manufacturing capacity closer to the prospective level of business in future years.

The average level of borrowings during the year was higher, although total borrowings at the year end were nearly £4m lower than those at the start of the year.

There is no foreseeable tax liability, no dividend is being paid and losses have been deducted from reserve.

See Lex

Unitech below £1.5m at halfway

A FALL from £2.39m to £1.47m in pre-tax profits is reported by Unitech, electronic components and equipment, for the half year to November 28 1981. Sales, excluding inter company, were down from £44.76m to £39.9m.

Mr P. A. Curry, the chairman, says the sales decline, 25 per cent of which is accounted for by currency exchanges, indicates the difficult trading conditions experienced.

The interim dividend is raised from 2.52p to 2.8p—last year's total was 7p from pre-tax profits of £4.27m.

Orders for the first and second quarters of the current year exceeded sales which indicates a return to its normal trading pattern between the first and second half year.

He expects second-half profits to be ahead of those reported for the second half last year.

Trading profits for the year were down from £3.15m to £2.07m. Net interest charges were down from £759,000 to £604,000 and tax was slightly higher at £635,000 compared with £537,000. After minority debits of £3,000 (£54,000), attributable profits were £832,000 (£1.8m). Dividends absorb £528,000 (£475,000), leaving £304,000 (£1.32m). Stated earnings per 10p share fell from 9.5p to 4.4p.

Unitech has acquired the whole of the share capital of Erie Manufacturing Company of Milwaukee, Wisconsin, Erie Manufacturing Company (Canada) and Erie-Controls-Europe NV. The purchase price of U.S.$8.4m was satisfied in cash and was based on a warranty that the net worth of the Erie group as at December 31 1981 was not less than $5.6m and that the net profit before management fees and tax for the year ending that date was not less than $1.8m.

The acquisition was effective from February 1.

● comment

Last year's dent in the Unitech growth record took the shares down a few notches; at one point the price had nearly halved, and at 235p they are still 35 per cent below their 1980 peak. In 1981 the first half gave a misleading impression of ability to withstand the recession, so it is not particularly disastrous that this year's interim pre-tax is down by nearly two-fifths. In fact, the price rose 12p on the figures, even though they were somewhat below the more pessimistic forecasts on offer last week. An increased dividend and the absence of a rights issue—despite an $8.4m acquisition in the U.S.—probably turned the trick. Although orders have now overtaken sales (the book/bill ratio is about 1.2) component demand in France and Germany is still extremely weak, and even allowing for some loss elimination it is hard to see more than £3.8m for the year, pre-tax. That suggests a fully-taxed multiple of almost 24, so that the shares—yielding a prospective 4.8 per cent—remain very fully valued.

Aberdeen American Petroleum

Aberdeen American Petroleum, a new independent oil company, has raised approximately £0.2m through a private placing with institutional and private shareholders and hopes to make a £20m public issue later this year.

The company, formed by Mr W. B. Murphy, formerly general manager of UK Exploration and Production, northern operations, and Mr G. A. Robb, a director of East of Scotland Investment Managers, aims to develop oil and gas production and reserves, initially onshore in the U.S. and later by participation in UK offshore licences.

Existing shareholders have already undertaken to take up £4m of the issue planned for later this year.

Aberdeen American is being advised by County Bank and the joint brokers are R. C. Greig and Rowe and Pitman.

Prestige improves to £6.62m

MEASURES TO improve productivity and efficiency made an important contribution to a 16.8 per cent rise in pre-tax profits at the Prestige Group, according to the directors.

While trading conditions in the UK and in most other European markets were depressed, there has been a substantial rise in earnings from subsidiaries in Australia and South Africa where, the directors say, the business climate has been more buoyant.

Taxable profits, for the year to December 31 1981 rose from £5.67m to £6.62m, although sales were marginally lower at £64.19m, compared with £64.82m. The company is one of the largest "housewares" manufacturers in the world outside the U.S. and is controlled by American Home Products Corporation, New York.

The final net dividend has been held at 4.38p, which repeats the total for the year at 6.875p. The total absorbs £1.25m.

Earnings per 25p ordinary share are given as 21.3p, against 19.2p last time.

The charge for taxation was lower this time at £2.75m, compared with £2.18m, which was reduced by stock relief provisions.

Current cost figures show a pre-tax profit of £4.53m, compared with £3.46m.

The directors say the balance sheet is stronger. Current assets total £28.68m (£24.47m) with stock at £12.48m (£12.86m) and debtors at £12.5m (£11.6m). Cash and short-term deposits rose from £2.25m to £3.44m. Fixed assets were shown at £8.47m.

● comment

Prestige has recovered neatly from its past difficulties, although in some part at the expense of many retailers who have had to absorb ever-thinning margins. Prestige's wide range of kitchen products have gained most ground in Australia and South Africa and even to a small extent in the UK. It seems reasonable to expect a further increase this year, to perhaps £7.3m which gives the shares, up 4p to 141p, a prospective p/e of around seven. This unexciting rating well reflects the nature of the company. Prestige is just now stepping out of a five-year patch in which earnings have done extremely little. The group is now sitting on net cash of more than £3m, some £1m up on last year, but shows no signs of putting this money to work. In the meantime, return on net capital employed in the past five years has slipped from 34 per cent to 25. The minority holders might wish for the U.S. parent to light a fire under it. The prospective yield is about 7 per cent.

IDC makes headway at year-end

SECOND HALF pre-tax profits at the IDC Group rose from £829,051 to £970,461, and profits for the full year to October 31, 1981 improved from £1.04m to £1.22m. Turnover of this designer and constructor of commercial and industrial buildings, dropped from £45.24m to £40.96m.

The final dividend is raised from 3.85p to 4.235p for a total increased from 5.06p to 5.565p. The chairman and his family are waiving dividends due to them in respect of the final. Together with waivers in respect of the interim dividend, the total is £110,305.

There was a tax credit for the year of £790,651 against a debit of £562,420—the amount of tax attributable to the tax credit in respect of stock relief clawback was £1.11m (nil). Attributable profits climbed from £475,860 to £2.01m.

Stated earnings per 20p share rose from 7p to 29.7p and, excluding written-back stock relief, 13.2p.

Cowan de Groot profits halved

DIFFICULT TRADING conditions continued to affect Cowan, de Groot with taxable profits halved at £421,000 against £844,000 for the half year to October 31 1981. Turnover was down from £23.41m to £22.73m.

The group imports and manufactures toys and giftware, imports machinery for the manufacture of plastic products and has an electrical wholesaling division.

It has maintained a net interim dividend per 10p share of 1p. Last year a total of 3.5p was paid. Stated earnings per share were given as 1.8p against 4.3p.

Mr Derrick Cowan, chairman, says the bright spots for the period were in the toy division, particularly D. Dekker, but that most of the profits in this division are generated in the first half of the year. He says steps to reduce staff and effect strict economies were offset by difficulties in maintaining turnover.

He predicts that significant profits for the second half of this year will be hard to generate in view of the trading climate and the group's forward order situation in the toy division.

However, Mr Cowan expects the results of the group's next financial year to show an improvement.

Tax charges for the half year took £109,000 (£186,000) leaving net profits of £312,000 against £658,000. Preference dividends were maintained at £64,000 while attributable profits emerged much lower at £248,000 (£594,000).

With ordinary dividends at £137,000 (same) retained profits came out at £111,000 against £457,000.

● comment

The black spots remain as black as ever at Cowan de Groot leaving toys and hardwear to carry the group. The Irish electricals division, which returned a near £300,000 loss last year, continues to trade in the red. Its turnover is geared towards new building work and there is no evidence, as yet, of a return to profit though a third of the workforce has been chopped off the payroll. The machinery division, supplying plastic moulding equipment, is also making a loss as is, to a lesser extent, the Russian Shop. The Codeg Security acquisition, producing DIY burglar alarms, contributed an initial £20,000 deficit. Meantime debt is little changed with interests costs running close to £1m a year. Finally the second half will not produce much of a profit. Yet it's not quite as bad as it sounds. Cowan hopes to clip £1m off stocks by the year end which will work directly through to the overdraft. There are already optimistic noises about the early part of next year based on hopes for the toys division and reduced losses elsewhere. The balance sheet is not stretched and after all it is still making a profit for the year, even with all the loss-makers. The dividend will probably be maintained offering a 14.7 per cent yield at 35p.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 14¾ per cent, down one eighth of a percentage point from last week and compares with 12¾ per cent a year ago. The bonds are issued at par and are redeemable on February 9 1983. A full list of issues will be published in tomorrow's edition.

ICL refuses to forecast profits

ICL, Britain's largest computer company, refused again to make a profit forecast for the current year at its annual general meeting in London yesterday. Mr Christopher Laidlaw, chairman, repeated his comment made at the time of the company's rights issue that it would continue to operate at a loss in the first half of the year, mainly attributable to the first quarter.

He confirmed that ICL had made a loss in the first quarter, ending December 31 1981 adding, "Our performance was in line with our operating plans on all main criteria."

Last year ICL made a net loss of £133.1m, including a £78.1m extraordinary charge for redundancies and rationalisation. In December it launched a rights issue to raise £32.2m. Mr Laidlaw said that the company aimed to return to profitability as quickly as possible without relying on volume growth from existing business since it could not depend on an early end to the recession.

He pointed out that the full effect of cost saving measures would not be felt before the end of the first half

BAT's Brazil offshoot shows profit surge

Souza Cruz, the Brazilian subsidiary of British American Tobacco, tripled its profits last year following government-authorised price increases far in excess of the prevailing inflation rate.

In 1981 Souza Cruz, which is 75 per cent owned by BAT, earned net profits of Cruzeiros 14.1bn. These were 338 per cent more than the 1980 results.

Souza Cruz has a commanding four-fifths of the large Brazilian cigarette market which until 1980 was growing at one of the fastest rates in the world. However, last year the company's market share slipped back marginally, from 82.5 per cent to 81 per cent.

Masson Scott reorganised

As part of its plans for increasing world-wide sales of its corrugated machinery business, Molins has reorganised its Bristol-based subsidiary, Masson Scott Thrissell Engineering.

The name has been changed to Langston Machine Company. Its output will now fully complement the manufacture and support of the corrugating machinery activities of Langston Company of New Jersey, another member company in the Molins Group.

Newbank Const. in receivership

Joint receivers and managers have been appointed to Newbank Construction of Halesowen, West Midlands. They are Mr Alastair Jones and Mr Tim Brooks of chartered accountants Peat Marwick Mitchell and Co.

Newbank manufactures pressure vessels and other items for the petrochemical and gas industries and has orders on hand of over £500,000.

At present the joint receivers and managers are continuing to trade.

BROMPTON SECS.

Brompton Securities has been compulsorily wound up in the High Court. Mr Justice Slade was told that the petition by Sovmots Investments, judgment creditors for £328,151, had been adjourned on January 25 1982 to enable Brompton Securities to file evidence, but Brompton did not now oppose a compulsory order being made.

IBS raising £2.9m on USM

Immediate Business Systems (IBS), makers of a portable billing machine for public utilities, is coming to the Stock Exchange's Unlisted Securities Market by way of a placing of 325,000 shares, 60 per cent of the enlarged capital, at 900p per share.

Prior to the beginning of dealings on February 10, there will be a nine-for-one scrip issue, making 5.4m shares in issue. At the effective placing price of 90p, the company will be capitalised at £4.86m.

IBS was formed in 1976 by Mr Anthony Goodfellow and Mr Graham Wylie, the promoters of the portable billing system.

Mr Goodfellow conceived the system in the early 1970s while a systems engineer with ICL. In 1976, Plessey agreed to take over the development from IBS and advanced it to the point of an 18-month test with the South of Scotland Electricity Board (SSEB). Last August, the SSEB decided to make a substantial order of 250 of the billing machines. At about the same time Plessey decided to sell the rights to the system back to IBS for £1.15m.

Plessey has said only that as a result of a strategic review of its priorities, it felt that the system would be more appropriately exploited by an independent company.

The deal was completed two weeks ago, and the net £2.7m proceeds from the placing are to be used to pay Plessey and provide working capital for bringing the system into commercial production.

The system is built around the portable billing machine which permits meter readers to produce a bill immediately for customers. For electric and gas utilities, this permits substantial savings in preparing and posting bills and can be expected to improve cash flow.

IBS intends to begin marketing the system next week in both the U.S. and the UK. Competition so far is limited and the group estimates the potential UK market at 3,500 units and the U.S. at 21,000. Two weeks ago, the SSEB won Management Today magazine's computer user of the year award for the system.

The prospectus points out that a substantial trading loss is expected in the first year of operation, partly because of start-up costs and partly because of the lower than normal income expected from the SSEB contract.

No profit forecasts are made for subsequent years but figures are presented showing the effect on profitability of achieving different levels of sales. For example, in a year in which 200 units were sold in the UK and 250 in the U.S., turnover could reach £4m and trading profits £0.2m. If 4100 were sold in the UK and 750 in the U.S., turnover might be £9.4m and trading profit £2.7m, assuming current income and price levels.

A pro-forma balance sheet shows net tangible assets of £2.78m following the placing and no indebtedness. The placing is being made by brokers Margetts and Addenbrooke, East, Newton.

● comment

Rarely can a new, high technology venture have been given such a useful send-off as that represented by the Computer User of the Year award. And the fact that Immediate Business Systems' single customer, the South of Scotland Electricity Board, is highly enthusiastic about the portable billing machine should help to proselytize other utilities. However, investors should bear in mind that IBS has no trading record. Also, it is still not entirely clear why Plessey agreed to give it up. The placing has gone well and the shares are likely to open at a respectable premium of about 10p over the 90p placing price. But the warning, as they say, is on the label. "An investment in IBS should be regarded as speculative."

SPAIN

February 2	Price %	+ or —
Banco Bilbao	336	
Banco Central	348	
Banco Exterior	315	
Banco Hispano	321	
Banco Ind. Cat.	115	
Banco Santander	356	
Banco Urquijo	220	
Banco Vizcaya	377	+3
Banco Zaragoza	233	
Dragados	164	+6
Espanola Zinc	60	
Fecsa	61.2	+0.2
Gal. Preciados	43.5	−2.5
Hidrola	65.2	+0.7
Iberduero	52.9	−0.5
Petroleos	99.0	−0.2
Petroliber	97	
Sogefisa	22.5	−3.0
Telefonica	20	−2
Union Elect.	65	

LADBROKE INDEX
Close 568-573 (−2)

OIL INDEX
March Refined $36.45

Electra's $25m interest in Oppenheimer partnership

THE Electra Investment Trust group in its biggest investment to date, has invested $25m in the Oppenheimer partnership, which controls the Wall Street investment banking and stockbroking operations of that name.

Oppenheimer and Co. is one of the smaller unquoted broking firms on Wall Street, but other interests of the partnership include a fast-growing investment management business with a substantial money market fund.

Electra has had a close relationship with Oppenheimer since investing $5.25m in the partnership in 1975. Loan stock worth $4m was repaid to the trust last year following a successful issue of public bonds worth $25m by Oppenheimer. A 10 per cent equity interest reflecting the remaining $1.25m was bought back from Electra at the end of last year for $12m.

Electra has now opted for a freshly arranged investment in the Wall Street group, though tax complications have made the structure of its new interests less than straightforward.

The investment gives Electra preferred stock of $25m on which it will receive a dividend of 8½ per cent after tax. On the basis of an involved profit formula, the stock will convert over five years into voting shares giving Electra between 13 and 20 per cent control of Oppenheimer's equity.

Mr Michael Stoddart, Electra's managing director, said the scheme offered an attractive income position and a future capital gain potential "which looks at least as attractive."

Mr Stoddart, who has been on the board of Oppenheimer since 1975, said the partnership's business was "going great guns" and had put it in the major league of U.S. investment managers controlling funds in excess of $10bn. The board of Electra felt it had done very well by its 1975 investment in the partnership and saw the new scheme as an exciting opportunity.

The two entities have also enjoyed a growing commercial relationship in recent years. They have co-operated on a number of "leveraged buy-outs" in the U.S. and have made several joint direct investments, including a recent property venture in Fort Lauderdale, Florida.

Oppenheimer has a broking and corporate finance office in London.

Normand Electrical in possible bid talks

A BID could be on the way for Normand Electrical Holdings, the lossmaking electric motor and industrial power transmission group, which called a halt to dealings in its shares on the London Stock Exchange at the start of trading yesterday.

The company, which was brought to the market by Industrial and Commercial Finance Corporation in 1970, announced yesterday that "discussions are taking place which may lead to an offer." No further details were available, but it is understood that talks are at an advanced stage and a further announcement is likely before the end of the week.

The shares, which fell 4p to 30p in early December after losses of £89,000 were announced for the first half of 1981-82, have moved up sharply in the last three trading days gaining 7p to 41p, bringing them close to the 1980-81 high of 43p. At the suspension price of 41p yesterday the company is valued at £3.7m.

Normand's losses for 1981-82 half year occurred on a depressed turnover of £6.1m. In the corresponding six months of the previous year profits amounted to £406,000 on a turnover of £7.7m, but in the second half profits dropped to £45,000.

Major shareholders in the company are the directors with an 18 per cent stake, ICFC (which also acts as the company's financial adviser) has 7.1 per cent, and Throgmorton Street Nominees 10.95 per cent.

LONDON TRADED OPTIONS

Feb. 1 Total Contracts 1,400. Calls 1,122. Puts 278.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	24	15	32	—	44	—	294p
BP (c)	300	13	3	24	22	32	—	"
BP (c)	330	7	—	11	4	22	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 4144

A=Asked B=Bid C=Call P=Put

Brooke Bond leaves Europe

THE TEA and food processing group, Brooke Bond, has discontinued its European food manufacturing operations with the sale of three subsidiaries in France, Italy and the Benelux countries. A loss-making German subsidiary was sold last October.

Total proceeds on the four sales amount to approximately £9m against an historic book value of about £10m at June 30 1981. The three companies just sold had a net turnover of £84m for the year to last June and made after-tax profits of about £700,000.

The latest sale was announced in Paris yesterday by the purchaser, the BSN-Gervais Danone group of France. The BSN group, which has an annual turnover of FF 18bn, is now easily France's biggest food manufacturer and has clearly indicated its ambition to grow quickly in overseas markets.

Brooke Bond sold its German subsidiary, Jokisch GmbH, to Pillsbury, the U.S. food company, for £2m.

The group's European food interests have performed sluggishly in recent years. Mr J. M. Thomson, Brooke Bond's deputy chief executive, said yesterday that its brand names on the continent — including Viandox, Leibig and Materne—were well-regarded. But they were competing in markets where the group had a limited overall presence.

"Strong grocery marketing businesses appeared to us to demand substantial future investment," said Mr Thomson. "We decided that other parts of our group were more deserving of that investment at the end of the day."

Brooke Bond retains ownership of its Oxo and Brooke Bond labels in Europe which will be licensed out to BSN. The sale includes four manufacturing plants with a management and staff of about 1,000.

The subsidiaries are being sold along with their present bank borrowings of £6.5m, giving the disposals a total impact of about £15.5m on Brooke Bond's balance sheet.

Mr Thomson said the sale would therefore assist the group to reduce its consolidated debt, last shown at £137m, as well as to pursue other group investments in the UK, North America and Australia.

Brooke Bond's shares closed up 1p at 54p.

LOW & BONAR EXPANDS IN CANADA

As part of its North American expansion programme, Low and Bonar—which operates internationally in packaging, engineering, textiles and travel—is investing C$500,000 for a 55 per cent stake in a rotational moulding company, Global Plastics (Manitoba), Winnipeg. Global specialises in the production of agricultural tanks and related products.

The company's turnover for 1981 was C$1.4m. Low and Bonar already has three rotational moulding operations, two in Canada and one in the U.S.

Mr K. M. McKenzie and Mr W. R. Anderson, current proprietors, will retain 45 per cent of the company—which has been re-named Bonar Rosedale Western—and continue in day-to-day management.

EASTERN PRODUCE/ BLANTYRE TEA

The offers by Eastern Produce (Holdings) for Blantyre Tea Holdings will close on February 26. As sufficient acceptances of the ordinary offer have been received, Eastern Produce will acquire compulsorily any Blantyre shares outstanding.

BENLOX PURCHASE

Benlox Holdings is paying a total of £405,000 for the investments in Tranwood Group and Bensons Hosiery (Holdings) held by Maurice James. Of this, £155,000 will be paid on completion of the deal. Because of a typographical error this figure was incorrect in Tuesday's report.

The balance of the purchase price will be paid on April 30 1983.

ALEXANDER HOWDEN

The Kuwait Investment Office has disposed of its total holding of 4.5m ordinary shares in Alexander Howden Group.

BARGET

Mr W. T. Mullins, chairman of Barget, has become executive director of Tinnox, following his resignation as a director of Credit Suisse First Boston.

Tinnox has sold 100,000 ordinary shares to Mr Mullins at 161⅓. Following this Tinnox holds 1,919,068 ordinary shares (58 per cent).

Mr Mullins now owns beneficially 122,500 ordinary shares (3.7 per cent). Tinnox has no intention of selling any further shares, say the directors.

SEARS HOLDINGS

Sears Holdings has completed the sale of the Consolidated Laundries division of Sears Industries Incorporated to Initial Services and the sale of the textile machinery businesses of Bentley Engineering and Wildt Mellor Bromley to a group of former executives headed by Mr Derek Gwynne.

Expanded Metal sells offshoot in £3m deal

Expanded Metal Company has sold its subsidiary West Midland Steel Stockholders to C. Walker and Sons, a major Lancashire based steel stockholding and steel processing group.

The sale price is £918,575 which is the net asset value of WMSS at December 31 1981. In addition Walker has undertaken to repay interest free loans of £2.1m made by Expamet to WMSS. The loans will be repaid as to £905,461 on March 31 next and the balance of £1.2m a year later.

Expamet's external sales in 1981 were virtually static at £32.2m and pre-tax profits were £1.15m, compared with £1.05m.

The 1981 profits—struck after interest charges of £439,000—are, however, before exceptional and extraordinary items of £650,000, largely from closures and redundancies.

The dividend is forecast at a maintained 4.5p, with a final of 2.5p.

In 1980 the first half produced a profit of £1.1m and the second half a loss of £50,000. In 1981 the pre-tax profit in the first half was £376,000 and £774,000 in the second half.

The company says that the recovery trend from the low point in the second half of 1980, indicated by the 1981 figures, is expected to continue during 1982, when there will be the additional benefit of the virtual elimination of interest charges.

At December 1980 net borrowings of Expamet amounted to £3.2m and had been reduced to £2.3m by December 1981. The company says that by the end of 1982 all borrowings will be eliminated. This will be achieved without bringing into account the £1.2m due in March 1983. "Ample resources are therefore available for increased investment in other more promising areas of activity in the group," the directors state.

Profits of WMSS in 1981 before interest amounted to £47,000 compared with £39,802. Expamet decided that for the foreseeable future WMSS as a relatively small steel stockholder was unlikely to make an adequate return on capital employed.

FRANCIS INDS.

The industrial components businesses of the Francis Industries Group are to be managed by a new company, CS International (CSI), recently formed by Francis Industries.

CSI will incorporate Sagar Richards of Halifax, Clearplas of Coventry, Clearplas, and France and Adlec of Southport. The aim of CSI is to extend the selection of non-ferrous, metal and plastic components.

CSI is to be strengthened further by Francis's acquisition yesterday of Yorkshire Engineering Supplies—a non-ferrous foundry based at Leeds. The consideration is £222,500, £74,000 payable on completion and the balance two years later.

Yorkshire Engineering will complement the other foundry in the Francis group, Sagar Richards, which is the principal supplier of non-ferrous selector forks and synchronising rings to the European motor industry.

Yorkshire Engineering supplies copper base alloy castings and machined components mainly to customers outside the automotive industry in the UK and Scandinavia.

Both foundries enjoy significant export order books and the sales and marketing activities will be co-ordinated from CSI's headquarters in Leeds.

SHARE STAKES

Glasgow Pavilion—John Tullis and Son has acquired a further 15,000 ordinary.

Sturla Holdings—Rowe Rudd as an associate of Sturla Holdings on January 27 sold on behalf of discretionary investment clients 40,000 shares 16½p and 50,000 shares at 17p.

Sir Joseph Causton—F. C. B. Bland, chairman, sold 250,000 ordinary shares on January 27. Mr Bland now owns 1.1m ordinary shares (approximately 10 per cent).

GB Papers—Drayton Consolidated Trust is the beneficial owner of 455,000 shares (6.09 per cent).

Wyndham Engineering—Cliff Plant sold 14,000 ordinary shares (2.3 per cent) holding now 75,246 ordinary (12.5 per cent).

Thomson Organisation—Intntl. Thomson Organisation holds 293,041 4.72 per cent preference shares (14.65 per cent) 1,278,000 5.83 per cent preference shares (26.91 per cent) and 1,094,670 21.7 per cent preference shares (9.95 per cent).

Croda International—Mercantile Investment Trust holds 545,000 deferred ordinary shares (5.16 per cent).

Ley's Foundries and Engineering—Sir Francis D. Ley, and Lady C. G. Ley, his wife, each sold 5,000 ordinary units on January 27.

C. & W. Walker losses mount

THE ENGINEERING contractor, C. and W. Walker Holdings has announced further loss provisions in connection with its gas storage terminal contract at British Steel's Port Talbot works. The provisions, amounting to about £800,000, will mean a further overall loss for the company in the second half of its last financial year which ended on January 31.

The company has not paid a dividend since its 1979-80 financial year. It lost £333,000 in the half year to last August 31. But the directors last summer indicated that the second half would see a recovery and they confirmed yesterday that the new loss provisions will mar a profitable performance at the operating level.

Losses of £676,000 on the Port Talbot contract were written off in the 1980-81 accounts. The directors said yesterday they had now received a further report from auditors Arthur Young revealing further losses.

It was also disclosed yesterday that Mr George Lewis, the company's 62-year-old executive chairman, has resigned. Mr K. C. Norton said he had decided to retire early but would continue to act as consultant to the group on its gas holder business.

Mr T. B. Madden, the present managing director, will add the chairman's duties to his present role. Mr Norton will become finance director.

The loss-making contract, which was signed in 1976 and was originally due for completion at the end of 1978, is now expected to be completed by the end of this month.

The company acknowledged an adverse effect on the group balance-sheet, with the £800,000 coming out of accumulated reserves. But Mr Norton said the general level of business activity had been lower and this had relieved any consequent borrowing needs.

The directors remained confident of the support of their banks and the ability of the group to deal with the new losses. The limited recovery at an operating level of the last half year was expected to continue.

Blue Circle S.A. drops

THE SOUTH AFRICAN cement manufacturer Blue Circle, which has interests in engineering supplies, heavy equipment and manufacturing, increased trading profit by 13.1 per cent from R39.5m to R44.7m in the year ended November 30 1981 but the pre-tax figure was R3m down.

Turnover rose by 23 per cent from R261m to R321m. The company is 55 per cent owned by the UK Blue Circle Industries.

Depreciation is up substantially following a revaluation and the interest charge doubled to R8.9m, leaving the profit before tax at R25m, against R28.16m.

Though all the group's activities contributed to the profit improvement, those of the cement division were restrained by a delay in increasing the controlled price of cement. In addition, cement production was disrupted slightly by the commissioning of a new kiln.

During the second half of last year Blue Circle joined with Deutz, the West German engine maker, to build diesel engines in South Africa. In another development, it joined with the U.S.-based Goodman Company to manufacture the company's underground locomotives.

A total dividend of 38.5 cents has been declared from earnings of 113.8 cents per share. In the previous year the dividend total was 32 cents and earnings 83.3 cents a share.

Warner Holidays

TAXABLE PROFITS for Warner Holidays, a wholly-owned subsidiary of Grand Metropolitan, reached £1.98m, for the eight months to September 25, 1981, against £987,457 for the previous 12 months to January 31, 1981.

The directors say that because of the seasonal nature of the group's business, the profit for the eight months is not directly comparable with an equivalent proportion of the profit for the previous year.

Gross revenue for the period came out at £11.74m, compared with £12.44m. The charge for taxation amountedto £965,837, against £231,304. Extraordinary debits rose from £56,358 to £139,303. The total absorbed by dividends increased from £195,789 to £602,808.

GFSA still expects to maintain its dividend

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH Gold Fields of South Africa (GFSA) is reporting a reduced profit for the first half of its year to June 30 as a result of lower dividend income from its important gold mining investments, the company still expects to maintain the increased total dividend of 500 cents (273p) distributed for 1980-81.

This comforting news for London's Consolidated Gold Fields, which holds 48 per cent of GFSA, comes from the latter's chairman Mr Robin Plumbridge. But he said in Johannesburg that maintenance of the dividend total would depend on there being no further fall in the gold price. He added that GFSA remains in a very liquid position with cash on hand of around R34m (£18.6m).

GFSA is now declaring a second interim for the current year of 165 cents which makes an unchanged total of 180 cents for the first half. Earnings for the first half have fallen to R50m (£27.3m) equal to 306 cents per share, from R87.1m in the same period of 1980-81 when the year's total came out at R166.6m.

However, the company says that barring any further deterioration in the gold price, or any other adverse event, earnings for the second half should be no less than those for the same period of 1980-81.

The reason why income is expected to be maintained in the second half is that the big Driefontein Consolidated mine, which is GFSA's major investment, has changed its financial year end from December to June.

Consequently, the larger portion of GFSA's income will accrue in the company's second half when Driefontein declares its final dividend.

	First half 1981 Rm	First half 1980 Rm	Year 1980-81 Rm
Revenue	60.8	94.6	188.7
Invest. income	50.2	84.4	169.6
Invest. realsns.	0.3	2.5	3.1
Other sources	10.3	7.6	16.0
Expenditure, etc.	8.0	4.8	16.6
Interest paid...	1.5	1.4	2.8
Drilling and prospecting	6.5	3.4	7.5
Written off	—	—	6.3
Profit before tax	52.8	89.7	172.1
Tax & minorities	2.8	2.6	5.5
Attributable	50.0	87.1	166.6

The market value of GFSA's investments at December 31 amounted to R1.67bn compared with R1.98bn a year previously.

The end-December net asset value of the shares equalled 12,501 cents while the London price of the shares was £33⅞ yesterday.

At this level they return 8 per cent. On this basis, however, a better case may be made out for the other major South African gold shareholding company, Anglo American Gold Investment (Amgold). The latter reduced its interim for the first half of 1981 to 500 cents and on this payment alone the shares at £36 yield nearly 8 per cent.

Amgold's final for 1981, due to be announced shortly, could be around 300 cents. This leaves room for some further reduction in the 1982 total before the shares are on a comparable yield basis with those of GFSA.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: McKay Securities, Steinberg.
Finals: English and New York Trust, Western Selection and Development, Westminster Property.

FUTURE DATES

Interims—	
A[illegible] Consumer Electronics	Feb 9
Bevan (D. F.)	Feb 5
Coronation Syndicate	Mar 11
Parkfield Foundries	Feb 16
Tweefontein United Collieries	Mar 11
Finals—	
Baynes (Charles)	Feb 22
Glanfield Lawrence	Feb 4
United Biscuits	Mar 11

Sri Lanka displays its coloured gemstones

Sri Lankan gems valued at over $20m (£10.8m) are on display at the first international coloured gemstones exhibition which opened in Colombo yesterday, reports our correspondent.

The exhibition-cum-conference has attracted dealers, gemmologists and representatives of the jewellery trade from the U.S., Australia, Britain, Germany, Sweden, Japan, Pakistan and an unusually large group of buyers from Saudi Arabia.

It is the first step in a joint venture by the Bank of Ceylon and the state Gem Corporation which plan to set up a "French-style gem centre" in Colombo and two sales outlets in Antwerp and Dubai.

"With the present recession and market fluctuations, the ruby may be a better investment proposition and diamonds may not be a girl's best friend," said Finance Minister Ronnie de Mel.

Because nine-tenths of Sri Lanka is covered by pre-cambrian rock, gems are found in most parts of the island. But the Minister said that the mining industry had to be modernised and salesmanship made more sophisticated if the country was to exploit its natural wealth.

"However smuggling cannot be stopped unless the Government offers a more reliable and competitive service to foreign buyers," he noted.

The State Gem Corporation estimates its earnings in the first ten months of last year as £27m. The Central Bank and customs claim that about the same sum is lost by way of smuggling.

Turnround to profits by NatWest's U.S. arm

The National Bank of North America (NBNA), National Westminster Bank's U.S. subsidiary, made pre-tax profits of $21.2m in the year ending December 1981, copared with a $1.78m loss, in the previous year.

Net interest income rose by 21.7 per cent to $178.5m and other income rose by 42.2 per cent to $37.8m. Operating expenses rose 16 per cent to $175.1m. The comparable 1980 figures, however, included a $7.1m pre-tax provision for the loss on the sale of leased assets.

The provision for loan losses in 1981 was reduced by $3.5m to $20m. The provision in the fourth quarter was $5.0m compared with $10.8m in the corresponding period of 1980.

During the fourth quarter of 1981 the bank disposed of $37.7m book value of low-yielding securities from its tax exempt bond portfolio, which resulted in after tax security losses of $6.1m. For the year as a whole there were $7.76m of securities losses, on such sales. The proceeds have been re-invested in higher yielding assets.

Net income after security losses was $12.8m in 1981, compared with $12.1m in 1980.

NBNA's total assets grew by 4.8 per cent to $5.97bn in 1981. Deposits rose by $271m, to $4.73bn, and outstanding loans were 4.9 per cent up at $3.56bn.

During the year National Westminster injected $50m of new equity capital into NBNA taking its shareholders funds up to $354.2m.

National Westminster acquired NBNA in April 1979 for $431m. Since it acquired the New York based bank it has injected a total of $75m of extra capital into the operation. It has 157 branches.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment; Albany Fund Management Limited; Allen Harvey & Ross Inv. Mgt. (C.I.); Alliance International Dollar Reserves; Arbuthnot Securities (C.I.) Ltd.; B.I.A. Bond Investments AG; Bank of America International S.A.; Barbican Managers (Jersey) Ltd.; Barclays Unicorn International; Bishopsgate Commodity Ser. Ltd.; Bridge Management Ltd.; Britannia Intl. Investment Mgmt. Ltd.; Brown Shipley Tst. Co. (Jersey) Ltd.; Butterfield Management Co. Ltd.; CAL Investments (IoM) Ltd.; Capital Asset Managers Ltd.; Capital International Fund S.A.; Central Assets Management Ltd.; Charterhouse Japhet; Clevedon Commodities (Isle of Man) Ltd.; Cornhill Ins. (Guernsey) Ltd.; Cortexa International; Crossprimer Fixed Int. Mgrs. (Jersey); DWS Deutsche Ges. F. Wertpapiersp; Delta Group; Deutscher Investment-Trust; Dreyfus Intercontinental Inv. Fd.; Duncan Lawrie Inv. Mgt. Ltd.; Emson & Dudley Tst. Mgt. Jrsy. Ltd.; The English Association; Eurobond Holdings N.V.; S.G. Europe Obligations S.A.; Eurotax Investments Ltd.; F & C Mgmt. Ltd. Inv. Advisers; Fidelity International Ltd.; Fleming Japan Fund S.A.; Frankfurt Trust Investment-GmbH; Free World Fund Ltd.; G. T. Management (U.K.) Ltd.; Gartmore Invest. Ltd. Ldn. Agts.; Assicurazioni GENERALI S.p.A.; Granville Management Limited; Guinness Mahon Fd. Mgrs. (Guernsey); Hambro Pacific Fund Mgmt. Ltd.; Hambros Fd. Mgrs. (C.I.) Ltd.; Henderson Admin. (Guernsey) Ltd.; Henderson Baring Group; Hill-Samuel & Co. (Guernsey) Ltd.; Hill Samuel Investment Mgmt. Intnl.; I.C. Trust Managers Ltd.; IGF Management Services Inc.; N.V. Interbeheer; International Bond Trust; International Pacific Inv. Mgmt. Ltd.; Investment Advisers, Inc.; Invicta Investment Management; Jardine Fleming & Co. Ltd.; Leopold Joseph & Sons (Guernsey); King & Shaxson Mngrs.; Kleinwort Benson Group; Korea International Trust; The Korea Trust; Lazard Brothers & Co. (Jersey) Ltd.; Lloyds Bk. (C.I.) U/T Mgrs.; Lloyds Bank International, Geneva; Lloyds Bank International, Guernsey; M & G Group; Management International Ltd.; Midland Bank Tst. Corp. (Jersey) Ltd.; Samuel Montagu Ldn. Agents; Minerals, Oils Res. Shrs. Fd. Inc.; Murray, Johnstone (Inv. Adviser); Negit S.A.; N.E.L. International Ltd.; Pacific Basin Fund; Phoenix International; Providence Capital Life Ass. (C.I.); Quest Fund Man. (Jersey) Ltd.; Quilter/Helvetia Commodities; RBC Investment Managers Limited; Rawlings Managers Ltd.; Richmond Life Ass. Ltd.; Rothschild Asset Management (C.I.); Save & Prosper International; Schlesinger International Mngt. Ltd.; Schroder Life Group; Schroder Mgt. Services (Jersey) Ltd.; J. Henry Schroder Wagg & Co. Ltd.; Scrimgeour Kemp-Gee Mngmt., Jersey; Sentry Assurance International Ltd.; Signal Life Assurance Co. Ltd.; Singer & Friedlander Ldn. Agents; Strategic Metal Trust Mgrs. Ltd.; Stronghold Management Limited; Surinvest (Jersey) Ltd.; TSB Trust Funds (C.I.); Tokyo Pacific Holdings N.V.; Tokyo Pacific Hldgs. (Seaboard) N.V.; Tyndall Group; Utd. Internatl. Mngmnt. (C.I.) Ltd.; M. G. Tyrrell & Co. (Jersey) Ltd.; Union Invest. Fd. Mngt. Co. S.A. Lux.; Union-Investment-Gesellschaft mbH; Vanbrugh Fund Mngmt. Intnl. Ltd.; S. G. Warburg & Co. Ltd.; Warburg Invest. Mngt. Jrsy. Ltd.; Wardley Investment Services Ltd.; World Wide Growth Management; Wren Commodity Management Ltd.

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NOTES

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Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar nervous

Dollar showed little change after a day of confused and volatile foreign exchange trading. The sharp upward trend in U.S. interest rates pushed up the U.S. currency in early European trading, but this was followed by a bout of profit taking and a retreat by the dollar back to the previous night's levels.

Sterling remained firm, particularly against Continental currencies, but also showed a late gain against the dollar.

European currencies recorded small mixed changes against the dollar, and there was little movement within the European Monetary System.

DOLLAR — Trade-weighted index (Bank of England) 111.1 against 110.9 on Monday, and 114.8 six months ago. Three month Treasury bills 13.52 per cent (15.09 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar rose to SwFr 1.8825 from SwFr 1.8750 against the Swiss franc, and to Y233 from Y232.50 against the Japanese yen. It touched a peak of FFr 6.0275 against the French franc, but finished down at FFr 5.9650, compared with FFr 5.9740. The U.S. currency was unchanged at DM 2.35 in terms of the D-mark.

STERLING — Trade-weighted index 91.9 against 91.6 at noon and the opening, 91.8 at the previous close, and 91.5 six months ago. Three-month interbank 14½ per cent (14½ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—The pound opened at $1.8500-1.8510, the lowest level of the day, but rose steadily to touch a peak of $1.8700-1.8710, before closing at $1.8630-1.8640, a rise of 20 points on the day. Sterling rose to DM 4.3825 from DM 4.3775, to SwFr 3.51 from SwFr 3.4925, and to Y434.50 from Y433, but eased to FFr 11.1150 from FFr 11.12.

D-MARK—EMS member (third weakest). Trade-weighted index 121.3 unchanged from Monday, and 115.6 six months ago. Three-month interbank 10.25 per cent (13 per cent six months ago). Annual inflation 6.2 per cent (6.3 per cent previous month)—The D-mark weakened against all members of the EMS except the *Italian lira at the Frankfurt* fixing, and also declined against the dollar and sterling, but rose in terms of the Swiss franc. The Bundesbank did not intervene when the dollar rose to DM 2.3620 from DM 2.3407, helped by the sharp upward trend in U.S. interest rates. Sterling rose to DM 4.38 from DM 4.3750 at the fixing, but the Swiss franc fell to DM 1.2512 from DM 1.2576.

FRENCH FRANC—EMS member (second strongest). Trade weighted index 79.9 against 79.7 on Monday and 82.2 six months ago. Three-month interbank 15⅞ per cent (17 per cent six months ago). Annual inflation 14 per cent (14.3 per cent previous month)—The franc rose against two other currencies in the EMS at the Paris fixing and lost ground to four. The Dutch *guilder, strongest member of the* system eased to FFr 2.3214 from FFr 2.3225, and the D-mark to FFr 2.5431 from FFr 2.5432, but all other members improved. The dollar was very firm, rising to FFr 6.0075 from FFr 5.9585, and the pound rose to FFr 11.1450 from FFr 11.1360.

DUTCH GUILDER—EMS member (strongest). Trade-weighted index 113.9 unchanged from Monday, and 107.5 six months ago. Three-month interbank 10½ per cent (13½ per cent six months ago). Annual inflation 7.2 per cent (7.3 per cent previous month)—The guilder gained ground against four other members of the EMS at the Amsterdam fixing, and declined against two. The D-mark fell to Fl 1.09555 from Fl 1.09575, but the French franc rose slightly to Fl 43.11 per 100 guilders from Fl 43.10. Outside the EMS the dollar rose to Fl 2.5570 from Fl 2.5675, and sterling to Fl 4.80 from Fl 4.7930.

THE POUND SPOT AND FORWARD

Feb 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8500-1.8710	1.8630-1.8640	0.15-0.25c dis	−1.29	0.60-0.70dis	−1.39
Canada	2.2380-2.2520	2.2460-2.2470	0.10-0.20c dis	−0.80	0.60-0.75dis	−1.20
Nethlnd.	4.79-4.82	4.79½-4.80½	1⅝-1¼c pm	3.44	4⅞-4⅝ pm	3.85
Belgium	74.35-74.80	74.40-74.50	18-38c dis	−4.51	88-108 dis	−5.26
Denmark	14.28-14.38	14.29-14.30	par-1ore dis	−0.42	2¾-4¾ dis	−0.98
Ireland	1.2420-1.2500	1.2420-1.2435	0.30-0.40c dis	−3.38	1.12-1.29dis	−3.35
W. Ger.	4.36-4.39½	4.37¾-4.38¾	1⅝-1¼pf pm	3.76	4½-4 pm	3.88
Portugal	125.80-127.60	127.25-127.55	51-165c dis	−10.17	160-425 dis	−9.18
Spain	184.80-185.00	185.10-185.30	5c pm-15 dis	−0.32	60-90 dis	−1.62
Italy	2336-2345	2337-2339	14½-17½lire dis	−8.08	48-57 dis	−8.97
Norway	11.04-11.10	11.05-11.06	1⅝-1⅞ore pm	1.76	2¼-1 pm	0.59
France	11.10½-11.16½	11.11-11.12	⅝-1⅝c dis	−1.21	3⅞-4⅞ dis	−1.57
Sweden	10.64-10.69	10.65½-10.66½	1⅝-⅞ore pm	1.41	6½-5½ pm	2.25
Japan	430-437	434-435	3.00-28.70	7.87	8.60-8.30 pm	7.78
Austria	30.60-30.85	30.70-30.75	15-11½gro pm	5.17	33-26 pm	3.84
Switz.	3.48½-3.52½	3.50½-3.51½	1⅞-1⅝c pm	5.58	5-4½ pm	5.41

Belgian rate is for convertible francs. Financial franc 82.95-83.05. Six-month forward dollar 1.15-1.25c dis. 12-month 1.95-2.15c dis.

THE DOLLAR SPOT AND FORWARD

Feb 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8500-1.8710	1.8630-1.8640	0.15-0.25c dis	[illegible]	[illegible]	[illegible]
Ireland†	1.4885-1.5000	1.4950-1.4970	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.2040-1.2095	1.2040-1.2065	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

[illegible]

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	41.6759	+2.25	+1.13	±1.5368
Danish Krone ...	7.91117	8.00740	+1.22	+0.10	±1.6412
German D-Mark	2.40989	2.44853	+1.60	+0.48	±1.1077
French Franc ...	6.17443	6.22641	+0.84	−0.28	±1.3733
Dutch Guilder ...	2.66382	2.68370	+0.75	−0.37	±1.5063
Irish Punt	0.684452	0.696052	+1.69	+0.57	±1.6688
Italian Lira	1300.67	1310.11	+0.73	+0.40	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for February 2 — 0.559461

OTHER CURRENCIES

Feb. 2	£	$		Note Rates
Argentina Peso...	18,708-18,728†	10,025-10,075†	Austria	30.55-30.85
Australia Dollar...	1.7025 1.7045	0.9130-0.9135	Belgium	82⅝-83⅝
Brazil Cruzeiro...	249.27-250.27	133.77-134.44	Denmark	14.30-14.45
Finland Markka...	8.338-8.357	4.4870-4.4890	France	11.10-11.20
Greek Drachma...	110.526-113.909	60.70-60.90	Germany	4.36½-4.40½
Hong Kong Dollar	10.931-10.951	5.8560-5.8600	Italy	2345-2435
Iran Rial...	150.50*	81.00*	Japan	433-438
Kuwait Dinar (KD)	0.525-0.531	0.2844-0.2848	Netherlands	4.78-4.82
Luxembourg Fr...	74.40-74.50	39.93-39.95	Norway	11.03-11.13
Malaysia Dollar...	4.2810-4.2910	2.2930-2.2960	Portugal	125½-132
New Zealand Dlr.	2.3265-2.3285	1.2485-1.2495	Spain	188¼-196¼
Saudi Arab. Riyal	6.30-6.36	3.4190-3.4210	Sweden	10.69-10.72
Singapore Dollar.	3.9035-3.9135	2.0910-2.0940	Switzerland	3.49-3.53
Sth. African Rand	1.8260-1.8280	0.9800-0.9810	United States	1.85¼-1.87¼
U.A.E. Dirham ...	6.77-6.85	3.6710-3.6730	Yugoslavia	98-103

† Now one rate. * Selling rate.

EXCHANGE CROSS RATES

Feb. 2	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.864	4.383	434.5	11.115	3.510	4.800	2338.	2.247	74.45
U.S. Dollar	0.537	1.	2.352	233.2	5.965	1.884	2.576	1255.	1.206	39.95
Deutschemark	0.228	0.425	1.	99.14	2.536	0.801	1.095	533.5	0.513	16.99
Japanese Yen 1,000	2.301	4.289	10.09	1000.	25.58	8.078	11.05	5381.	5.170	171.3
French Franc 10	0.900	1.677	3.943	390.9	10.	3.158	4.318	2103.	2.021	66.98
Swiss Franc	0.285	0.531	1.249	123.8	3.167	1.	1.368	666.1	0.640	21.21
Dutch Guilder	0.208	0.388	0.913	90.52	2.316	0.731	1.	487.1	0.468	15.51
Italian Lira 1,000	0.428	0.797	1.874	185.8	4.754	1.501	2.053	1000.	0.961	31.84
Canadian Dollar	0.445	0.830	1.951	193.4	4.948	1.562	2.137	1041.	1.	33.14
Belgian Franc 100	1.343	2.503	5.887	583.6	14.93	4.715	6.447	3140.	3.017	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/8	offer 16 1/4	bid 16 1/8	offer 16 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month 13¼-13⅝ per cent; three months 13⅝-13⅞ per cent; six months 13⅝-13⅞ per cent; one year 13⅝-13⅞ per cent. ECU linked deposits: [illegible]. Asian $ (closing rates in Singapore): [illegible]. Long-term Eurodollar: [illegible]. The following rates were quoted for London dollar certificates of deposit: one month 15.20-15.30 per cent; three months 15.30-15.40 per cent; six months 15.45 per cent; one year 15.45-15.55 per cent.

MONEY MARKETS

London rates firm

London clearing bank base lending rates 14 per cent (since January 25)

Interest rates were mostly firmer in London yesterday although they finished slightly below the highest level of the day. Three month interbank money rose to 14¼-14⅜ per cent from 14⅛-14⅜ per cent and three-month eligible bank bills to 13⅞ per cent from 13⅝ per cent. The increase in rates was primarily a reflection of higher Euro-dollar rates and a rise in U.S. prime rates. Trading in London was rather subdued with the increase in U.S. rates offset slightly by sterling's continued overall strength. In the inter-bank market overnight loans opened at 14⅛-14¼ per cent and eased to 14-14⅛ per cent before rising on the revised forecast to 14⅛-14⅜ per cent. Rates then fell away to 12-12½ per cent as the authorities gave additional help with closing balances taken at 13½-14 per cent.

The Bank of England gave an early forecast of a shortage of £150m, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£144m and Exchequer transactions −£160m. The Bank gave assistance in the morning totalling £136m. This comprised purchases of £1m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent, £1m of Treasury bills in band 2 (15-33 days) at 13⅞ per cent and £68m of eligible bank bills at 13⅞ per cent. In band 3 (34-63 days) it bought £10m of local authority bills at 13⅞ per cent and £66m eligible bank bills at 13⅞ per cent.

The forecast was revised at 2 pm to around £200m before taking into account the morning's help and the authorities gave further assistance in the afternoon of £42m to make a grand total of £178m. The afternoon help comprised purchases of eligible bank bills, £1m in band 2 at 13⅞ per cent and £41m in band 4 (64-84 days) at 13⅞ per cent.

In Frankfurt banks took up an estimated DM 5.4bn of the Bundesbank's latest repurchase facility, helping to reduce the amount of funds obtained through the special Lombard facility. This had fallen to around DM 3.3bn on Monday, having been as high as DM 12bn last week as banks sought to meet minimum reserve requirements. Banks also wish to place themselves well ahead of next Monday when a further repurchase agreement unwinds, draining DM 4.6bn from the system. Call money yesterday was quoted at 10.05 per cent unchanged from Monday.

In Paris the Bank of France announced its intention to add liquidity to the market today by buying first category paper from the banks. The amount and rate will be known around noon today. The last time the authorities bought paper was on January 29 at an unchanged rate of 14.75 per cent.

GOLD

Slight rise

Gold rose $1¼ to $380-381 in the London bullion market, finishing at the highest level of the day. It opened at the day's low of $374¾-375¾, and was fixed at $376.25 in the morning and $379.15 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 72,000 per kilo ($372.77 per ounce) in the afternoon, compared with FFr 71,800 ($371.84) in the morning and FFr 71,500 ($373.22) Monday afternoon.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $375 per ounce, against [illegible]. In Zurich gold finished at [illegible] changed at $378-381.

Feb. 2			Feb. 1	
Gold Bullion (fine ounce)				
Close	$380-381	[illegible]	[illegible]	[illegible]
Opening	$374¾-375¾	[illegible]	[illegible]	[illegible]
Morning fixing	$376.25	[illegible]	[illegible]	[illegible]
Afternoon fixing	$379.15	[illegible]	[illegible]	[illegible]
Gold Coins				
Krugerrand	$391-392	[illegible]	[illegible]	[illegible]
½ Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
¼ Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]	[illegible]	[illegible]
New Sovereigns	$93-93½	(£50-50¼)	$92¾-93¼	[illegible]
King Sovereigns	$108-109	(£57¾-58¼)	$106-107	[illegible]
Victoria Sovs	$108-109	(£57¾-58¼)	$106-107	[illegible]
French 20s	$91-101	(£49-54¼)	$90-100	[illegible]
50 pesos Mexico	$471-474	(£252¾-254¼)	$469-472	[illegible]
100 Cor. Austria	$369-372	(£198-199¾)	$368-370	[illegible]
$20 Eagles	$508-513	(£272¾-275½)	$508-512	[illegible]

LONDON MONEY RATES

Feb. 1 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-14⅛	14⅛-14⅛	—	—	14-14¾	13-14½	—	—	—
2 days notice	—	—	14½-14⅝	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	—	—	—	—	—	—	—	—
One month	[illegible]	[illegible]	14⅛	—	—	14¾-14⅞	14	—	—	—
Two months	[illegible]	[illegible]	14⅛	15¼-14⅞	14⅞	14⅞	14	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	—	15-14⅝	14⅝	14⅞	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	14⅛	15-14⅝	14⅞	14⅞	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	14⅛	14⅛-14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 14¾ per cent; five years 14¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four month trade bills [illegible] per cent.

Approximate selling rate for one month Treasury bills 13⅞ per cent; two months 13⅞ per cent; three months 13⅞ per cent. Approximate selling rate for one month bank bills 13⅞ per cent; two months 13⅞ per cent; three months 13⅞-13⅜ per cent; one month trade bills 14⅝ per cent; two months 14⅝ per cent; three months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from February 1. Clearing Bank Deposit Rates for sums at seven days' notice 11¼-12 per cent. Treasury Bills: Average tender rates of discount 13.6122 per cent.

MONEY RATES

NEW YORK	
Prime rate	15½-16½
Fed. funds	15-15⅝
Treasury bills (13-week)	13.52
Treasury bills (26-week)	13.60
GERMANY	
Special Lombard	10.50
Overnight rate	10.05
One month	10.20
Three months	9.70
Six months	10.10
FRANCE	
Intervention rate	14.75
Overnight rate	15.25
One month	15.25
Three months	15.3125
Six months	15.25
JAPAN	
Discount rate	5.50
Call (unconditional)	6.53125
Bill discount (three-month)	6.59375

Lockheed in red after write-off on TriStar

By Our New York Staff

LOCKHEED, the U.S. aerospace and defence contracting group, has reported a $360.2m net loss for the final quarter of 1981. But this total includes $396m in write-offs on the TriStar wide bodied jet which the Burbank-based company decided to scrap last December. The result also included $70m of operating losses from the project.

Without this heavy charge, Lockheed had an operating profit of $61.5m, equivalent to $3.03 a share, up slightly on the $48.4m, or $3.22 a share, reported in the same period of 1980. This brought Lockheed's total operating profits for 1981 to $154.7m, or $9.27 a share, up 14 per cent on the previous year's $135.2m, or $8.87. Sales for the year were $5.17bn compared with $4.44bn in 1980. Final quarter sales were $1.53bn again $1.25bn.

Lockheed decided to drop the TriStar after making total losses of some $2.5bn on the aircraft, much of which was blamed on Rolls-Royce's failure to come up with its RB-211 engines on time. The decision had been foreshadowed by the TriStar's low sales rate.

Total orders at the company at the end of 1981 were $4.9bn, up from $4.1bn in 1980.

Lockheed said the discontinuation of its TriStar programme left it in a "sound position to embark on a programme of future growth and earnings improvement."

Tenneco tops net earnings forecast

By Our Financial Staff

FORECASTS for 1981 have been exceeded at Tenneco, the Houston-based integrated oil and natural gas pipeline company, and the directors predict a further advance in the current year.

Fiscal 1981 shows a gain of 13 per cent to $813m, or $6.01 a share in net earnings, with revenue 17 per cent up at $15.46bn. The directors state that energy operations provided 79 per cent of pre-tax operating earnings and add that further improvement in these divisions will bring higher profits this year. Wall Street analysts have predicted earnings of around $5.90 for fiscal 1981.

In the final quarter of last year, a drawdown from inventories of $60m helped boost net earnings from $200m to $250m, or $1.91 a share. Revenues moved up from $3.64bn to $4.29bn.

General Motors back in profit despite sales fall

BY RODERICK ORAM IN NEW YORK

GENERAL MOTORS, the world's largest car and truck maker, managed to pull itself back to an operating loss of only $138m last year from $1.37bn in 1980, despite a 5 per cent fall in sales volume to 6.7m vehicles.

At the net level, the company struck a profit of $333m against a loss of $763m a year earlier because of income tax credits and contributions from unconsolidated subsidiaries, primarily General Motors Acceptance Corporation, its finance unit.

These items were $123m and $348m respectively for a total of $471m last year compared with $385m and $221m for a total of $606m a year earlier.

The fourth quarter's $97m net profit was a stronger rebound from the third quarter's net loss of $468m than some analysts were expecting. But final period contributions from income tax credits and subsidiaries totalled $233m in 1981 compared with $351m in 1980, when net profit was $62m.

It was also somewhat of a surprise that GM's board voted to hold the quarterly dividend at 60 cents a share rather than cut it.

Fourth quarter sales declined in both volume and value terms—by 13.5 per cent to 1.63m cars and trucks and by 3.5 per cent to $15.64bn. Net profits were 31 cents a share, against 21 cents, or $62m, a year earlier.

The full year profit equalled $1.07 a share against the loss of $2.65 a share a year earlier. Sales were up by 8.8 per cent to $62.8bn.

GM's ability to make a profit despite lower production volume underscores its success in cutting costs and rationalising production. GM's operating rate is thought to be as low as 60 per cent of capacity.

Mr Roger Smith, GM's chairman, said that "high interest rates, a deteriorating economy and a relentless increase in labour rates and material costs prevented 1981 being a year of real recovery" for the company.

He added that "without question, non-competitive labour costs represent the single biggest disadvantage we must overcome." He expressed disappointment that talks with the United Auto Workers failed to reach agreement last week on labour cost reductions, which would have been passed on to customers in lower car vehicle prices.

Mr Smith expects severe pressure on profits in the near term although he can see signs of the beginning of the industry's recovery.

Although sales from GM factories totalled 1.62m in the fourth quarter, production was only 1.05m units, down from 1.26m a year earlier.

Improvement at Scott Paper

BY OUR FINANCIAL STAFF

ANNUAL NET profits at Scott Paper, the world's leading maker of tissue paper, were unchanged at $133m after an improvement in the final quarter.

The growth in final quarter net profits from $34.9m to $48.5m came only after the inclusion of non-trading factors. The per share profits of $1.16 against 89 cents previously included a 15 cent a share gain from the application of the new accounting standard on foreign currency translations, while the sale of tax benefits added 31 cents a share.

These factors also affected annual net per share profits, which came to $3.22 compared with $3.41. The 1980 profit total included a net 82 cents a share gain from the sale of assets, while a gain from the sale of land in 1981 was negated by provisions for the closure of facilities.

Sales for the quarter were up from $523.6m to $598.4m for a yearly total of $2.3bn against $2.08bn.

Meanwhile, Scott has raised $136.5m for its $1.6bn capital spending plans by selling for $91.5m a biomass-fed electricity and steam generator at its Westbrook, Maine, plant to General Electric Credit Corporation, which is to sell power and steam back to Scott. Scott can either repurchase the plant or continue buying power and steam after 25 years. The remainder of the funds was raised through a $45m placement of 13.35 per cent redeemable preferred shares.

American Cyanamid profit unchanged in final quarter

BY OUR FINANCIAL STAFF

AMERICAN CYANAMID'S final quarter net profits were unchanged at $48.4m leaving the total for 1981 $37.9m higher at $197.1m.

However, the latest quarter includes a $6.5m gain from the adoption of the new standard for foreign currency translation accounting, while for the year the gain was $23.8m. At the per share level the gain was 14 cents and 50 cents respectively, leaving the 1981 total ahead from $3.32 to $4.11 after a quarterly contribution unchanged at $1.01. 1980 profits were after $15.6m charges for withdrawal from some operations and rationalisation.

Sales for the quarter rose by almost $10m to $927.1m and for the year totalled $3.65bn against $3.45bn in 1980.

Mr James G. Affleck, the chairman, said sales for the year increased in all five of Cyanamid's businesses and operating earnings were higher for specialty chemicals, consumer and Formica brand products.

However, operating earnings for the company's agricultural business were lower while those for the medical business were about even with 1980 because of the adverse effect of the strong dollar in international sales and income.

The group won roughly a third of sales and half of profits from outside the U.S. in 1980.

SAB move on Edgars Stores

By Jim Jones in Johannesburg

AN APPARENT attempt by South African Breweries (SAB), the diversified brewing, furniture and retail group, to acquire control of the clothing and footwear retailer, Edgars Stores, seems to have been thwarted.

SAB announced on Tuesday afternoon that it had acquired for R70m ($71.8m) 38 per cent of Edgars Consolidated (Edcon), which owns 50 per cent of Edgars Stores.

Shortly after the announcement by SAB, Liberty Life said that it had acquired a further 12 per cent of Edcon, which meant that between itself, Fugit and the Press family, more than 50 per cent of Edcon was held.

Two U.S. oil groups leave Alsands project

BY ROBERT GIBBENS IN MONTREAL

TWO U.S.-OWNED oil companies have dropped out of the C$13bn (U.S.$11bn) Alsands tar sands extraction project in Alberta. The two are uncertain of future investment returns in relation to risks and fear that inflation will bring serious cost overruns.

The companies are Chevron Standard owned by Standard Oil of California—a development and production company with one of the best exploration records in Canad for the past 20 years, and Amoco Canada Petroleum owned by Standard Oil Company (Indiana), an oil producer in western Canada which is also active in mining.

Mr Gerry Henderson, Chevron Standard president, explained that his company, like others in the Canadian oil and gas business, had to accept lower cash flows from production in the next year or two, partly because of the Federal Petroleum and Gas Revenue Tax. This will rise in 1982 to about 12 per cent from 8 per cent in 1981.

Chevron has been forced to choose between major projects such as Alsands and other conventional oil and gas developments it hopes to undertake in the next 10 years. The $ withdrawal of Chevron and Amoco Canada fro mthe Alsands consortium, which is led by Shell Canada, had been expected. Shell has insisted that a 20 per cent return on investment is required for Alsands, and negotiations have been going on for several months since a pricing and revenue sharing agreement between Ottawa and Alberta was signed last autumn.

Petro-Canada, the national oil company, inherited a 17 per cent interest in Alsands with its takeover last year of Petrofina Canada. Petrofina entered the project several years ago because it was short of crude oil reserves in Canada.

There has been speculation that Petro-Canada might raise its stake, and Nova the big western Canada energy and petrochemicals group may enter the picture. However, Nova has cash problems since it failed to sell its American properties to Marathon Oil of U.S. before Christmas for more than $500m These properties are still on the auction block, with no known offers.

Roderick Oram adds: Mr Marc Lalonde, the Canadian Federal Energy Minister, is still confident that the project will go ahead, and some other companies have expressed an interest in joining the project.

Stempel in driving seat at Chevrolet

By Our New York Staff

THE announcement, simultaneously with the trading results that Mr Robert Stempel, 49, chief executive of Opel, the West German subsidiary of General Motors, is being recalled to the U.S. to take over as head of GM's Chevrolet division, the company's biggest production operation, caused some fresh appraisals of the group's management structure by GM watchers on Wall Street.

Some analysts suggested yesterday that the latest string of appointments had a more urgent character to them than those traditionally announced after the first board meeting of the year.

The moves indicate GM's concern over the poor performance of its Chevrolet division, which is slipping from its key role as the solid performing volume vehicle maker at the core of GM.

Whereas GM's total market share edged down to 61.2 per cent last year in a depressed market from 62.6 per cent in 1980, Chevrolet's share of the national car market dropped to 23.3 per cent from 26.6 per cent in 1980.

Chevrolet is heavily dependent on blue-collar customers who buy basic versions of GM cars which are also offered in more up market versions by other divisions such as Buick and Oldsmobile.

Last year Chevrolet's car sales fell 15 per cent and it suffered an ignominious sales performance on its much touted J-cars. Its version of the car, similar to the GM Cavalier/Ascona in Europe, was outsold by Buick and Oldsmobile versions.

Chevrolet consequently lost some of its dominance in the corporation, and is now less than twice the size of the next biggest division. For years it had been more than twice the size.

Obviously a prime reason for its performance was the high rate of unemployment among its traditional customers. But in addition, it has developed a serious image problem. New models such as the J-cars are far higher priced than the models they replaced. Faced with these prices those customers who do buy, go for the upmarket, non-Chevrolet version.

The hard task of restoring Chevrolet's fortunes has fallen to Mr Stempel, who was briefly head of GM's European car operations and managing director of Adam Opel in Germany.

He has long been picked out as one of GM's high fliers, and was the first senior executive to be sent to Europe as part of his grooming. His promotion to a Detroit job after only 18 months in Europe is a measure of GM's concern about Chevrolet. His new post has often been the penultimate one before assuming GM's presidency.

Mr Stempel is not alone on the fast track to that office but he's drawn an inside lane. His predecessor at Chevrolet, Mr Robert Lund, 62, is not so lucky. Too old to be the next president, he becomes GM's vice president of sales and marketing. In a sense its less than a reward because he is going from the top ranking divisional job to a less-than-top staff job.

He replaces Mr Robert Burger, 57, who was stuck with trying to sell GM cars to a highly choosey and reluctant public. He goes to a newly created post of number two at Cadillac.

Euromarkets steady as interest rates tighten in U.S.

BY OUR EUROMARKETS STAFF

PRICES OF fixed-interest bonds in the Eurodollar, Euro D-mark and Swiss franc foreign bond markets were off by around ½ point last night as Europe began to come to terms with Wall Street's fears of tighter U.S. credit policy.

In the Eurodollar bond market, prices opened ½ point lower yesterday morning as traders marked prices down on the back of the increases in U.S. prime rate and Federal funds. During the day however, Eurodollar prices began to firm slightly.

The six-month Eurodollar deposit rate closed at 15½ per cent last night, up ¼ per cent. Federal funds drifted lower to below 15½ per cent.

The Eurodollar market seems to be attempting a moderate stance in response to the bad news from New York. Today sees the U.S. Treasury auction. Last week's money supply figures were clearly disappointing. There are signs of tighter U.S. credit. Yet despite all this, the Euromarket is reasonably resilient and is discounting the bad news almost as soon as it arrives.

In the current climate it would probably take two or three days of steadily depressing news for the Euromarket to register a major fall in prices.

One issue which appears to be meeting market resistance is the new $150m 16 per cent paper for GMAC. It is being quoted in the grey market at a discount of around two points and would undoubtedly be doing better if its coupon were higher.

Toronto Dominion Bank has launched a C$25m six-year bond through Tordom Corporation. The issue, managed by Continental Illinois, carries a 16½ per cent coupon for the first three years and a 17 per cent coupon thereafter. The bonds are callable in 1985.

In the Swiss franc foreign bond market a SwFr 100m 10-year issue is being arranged for Oesterreichische Postsparkasse. Manager will be Kredietbank Suisse.

Groupe Lambert disposal

BY GILES MERRITT IN BRUSSELS

GROUPE BRUXELLES Lambert, the major Belgian financial and industrial holding company, plans to sell about a quarter of the equity of Banque Bruxelles Lambert, reducing its stake in the bank—Belgium's second biggest—from 46.6 to 20 per cent or less. The disposal could bring in some BFrs 6bn ($150m).

Details of the divestment are still to be finalised, but it appears likely that Groupe Bruxelles Lambert will be seeking to sell the shares, either as a single unit or several large blocks, to another financial institution, and the possibility of a foreign buyer is not excluded.

The decision follows last week's announcement that Groupe Bruxelles Lambert is to become one-third owned by a Belgian-Swiss consortium of companies. The new shareholders are led by M Albert Frere, the Belgian financier.

Banque Bruxelles Lambert, which saw its balance sheet rise last year by a fifth to BFr 924bn and net profits double to BFr 1.1bn, already has a number of foreign banks such as Algemene Bank Nederland and Barclays among its institutional shareholders.

Denmark to raise $800m Eurocredit

By Alan Friedman

THE Kingdom of Denmark is raising $800m through a floating rate note offer and two credits. Citicorp has received the mandate to arrange the financing.

The first component of the package is a $100m 10-year floating rate note issue with interest of ⅛ per cent above the London interbank offered rate (Libor). Investors will be able to redeem the paper at the end of the seventh year.

The second component is a $200m eight-year credit with a grace period of five years. Interest is to be paid at the rate of ⅜ per cent above Libor for the first five years and at ½ per cent thereafter.

The largest portion of the package is a $500m seven-year credit tied to the U.S. prime rate. This is the first time the borrower has attempted a credit based on the prime rate and it signals a desire to tap the U.S. market in future.

There will be a four-year grace period and interest is to be 0.15 per cent over the Citibank prime rate or the adjusted CD rate for the first four years and 0.25 per cent thereafter. The idea is to syndicate this credit with regional U.S. banks so as to introduce the Kingdom of Denmark to this market.

● From the Middle East comes news that a $1bn credit is being prepared for the Republic of Venezuela. The Venezuelan authorities have asked the Arab Banking Company, UBAF, Arlabank and Gulf International Bank to formalise an offer as soon as possible.

The credit is expected to be in the form of a standby facility of up to five years. Ten banks are said to be involved, with each likely to take a $100m underwriting commitment.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Closing prices on February 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 83	100	101⅞	102⅜	−0¼	+0½	15.91
APS Fin. Co. 17¼ 86	60	103⅛	103⅝	−0⅛	+0½	16.05
Armco O/S Fin. 15½ 86	50	98½	99	−0⅛	−0⅛	15.72
Bank Montreal 16¼ 91	150	99⅞	100¼	−0⅛	+0⅛	16.21
Br. Colum. Hyd. 16½ 88	100	101	101½	−0⅛	+0⅛	15.88
Br. Colum. Mfa. 17 97	54	102½	103	−0⅛	−0½	16.46
Can. Nat. Rail 14½ 91	100	93	93½	−0⅛	+0⅛	16.00
Caterpillar Fin. 16½ 86	100	101⅛	101⅝	−0⅛	+0⅛	15.95
CFMP 16½ 96	100	101⅝	102⅛	−0⅛	0	16.35
CIBC 16⅜ 91	100	101⅛	101⅝	−0⅛	+0⅛	16.40
Citicorp O/S 16¾ 86	150	102⅝	103	−0⅛	+0⅛	15.80
Cities Service 17 88	150	102⅛	103	−0⅛	−0⅞	16.22
Cons.-Bathurst 17½ 88	60	102⅝	103⅛	−0⅛	−0⅛	16.70
CPC Fin. 16⅜ 86	50	102⅛	103	−0⅛	−0⅛	15.78
Dupont O/S 14½ 88	400	96⅞	97⅜	−0⅛	+0⅛	15.17
EIB 16½ 88	100	100⅛	100⅝	−0⅛	0	16.30
EIB 16½ 91	100	100⅛	100⅞	−0⅛	0	16.57
GMAC O/S Fin. 16½ 84	300	100⅛	100⅞	−0⅛	+0⅛	16.09
Gulf States O/S 17½ 88	60	103⅞	104⅛	−0⅛	+0⅛	16.36
Japan Airlines 15¼ 88	50	99⅛	99⅝	0	+0⅛	15.30
Nat. Bk. Canada 16½ 88	40	100⅝	101⅛	−0⅛	+0⅛	16.88
Nat. West 14⅛ 91	100	95	95½	−0⅛	+0⅛	15.70
New Brunswick 17 88	60	104⅛	104⅝	0	+0½	15.76
Newfoundland 17⅛ 89	60	106⅛	106⅝	−0⅛	+0½	15.67
New & Lab. Hy. 17¼ 89	75	103⅛	104⅛	−0⅛	+0½	16.26
Ohio Edison Fin. 17⅛ 88	75	103⅛	103⅝	−0⅛	+0⅛	16.56
OKG 15⅛ 97	50	97	97½	−0⅛	+0⅛	16.21
Ontario Hyd. 16 91 (N)	200	100⅛	100⅞	−0⅛	+0⅛	15.83
Pac. Gas & El. 15⅛ 89	80	98½	99	−0⅛	−0⅛	16.05
Quebec Hydro 17¼ 91	150	103⅛	104⅛	−0⅛	+0½	16.37
Quebec Province 15⅛ 89	150	95⅞	96⅛	−0⅛	+0⅛	16.12
Saskatchewan 16⅛ 88	100	100⅝	101⅛	−0⅛	+0⅛	15.95
Statsforetag 15⅛ 87	50	97⅞	98⅛	−0⅛	−0⅛	16.35
Sweden 14½ 88	150	93	93½	0	+0⅛	16.17
Swed. Ex. Cred. 16⅛ 93	75	100⅝	101⅛	−0⅛	−0⅛	16.29
Tenneco Int. 17 89	100	103⅛	104	−0⅛	0	16.06
Texas Eastern 15⅞ 88	75	98⅛	99⅛	0	0	16.09
Transcanada 17⅜ 88	75	105⅛	106⅛	−0⅛	−0⅛	16.16
Transcanada 16 89	100	98⅞	99⅛	−0⅛	−0⅛	16.17
Walt Disney 15⅛ 86	100	101	101½	−0½	+0½	15.26
Winnipeg 17 86	50	102⅝	103⅛	−0⅛	+0⅛	16.00
WMC Fin. 15½ 88	50	96⅛	96⅞	0	0	16.32
World Bank 16 88	80	100⅛	100⅝	−0⅛	+0½	15.81
World Bank 16½ 86	130	102	102½	0	+0⅛	15.70
World Bank 16½ 88	100	101⅛	101⅝	−0⅛	+0⅛	16.08

Average price changes... On day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅛	100	0	+0⅛	10.03
Asian Dv. Bank 10⅝ 89	100	101⅛	102⅛	−0⅛	0	10.34
Australia 9¾ 91	300	98⅛	99⅛	−0½	−0⅛	9.53
Belgelectric 11 91	100	101½	102	0	+0⅛	10.68
CECA 10 91	120	100⅝	101⅛	−0⅛	−0⅛	9.82
Coun. of Europe 10 91	100	100⅝	101⅛	+0⅛	+1⅛	9.82
Coun. of Europe 10⅛ 91	100	100	100½	−0½	−0⅛	10.19
EEC 10⅛ 93	100	100⅛	100⅝	−0⅛	+0⅛	10.02
EIB 8½ 90	200	92	92½	−0½	−0⅛	9.85
EIB 10½ 91	200	102⅛	102⅝	−0⅛	+0⅛	10.08
Finland, Rep. of 10½ 86	100	100⅝	101⅛	−0⅛	+0⅛	10.23
Inter-American 10 91	100	99⅞	100⅜	−0⅛	+0⅛	9.97
Inter-American 10⅛ 91	100	100⅛	100⅝	−0½	−0⅛	10.17
Ireland 10⅛ 86	100	99⅞	100⅜	−0½	0	10.11
Japan Air Lines 8½ 87	100	95⅞	96⅜	−0⅛	+0½	9.00
Midland Int. Fin. 8½ 90	150	93⅞	94⅜	0	+0⅛	9.53
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	−0⅛	+0⅛	10.48
New Zealand 9⅞ 88	200	100	100½	−0⅛	0	9.69
OKB 10⅛ 91	150	100⅛	100⅝	−0⅛	+0⅛	10.03
Quebec Hydro 10⅛ 91	150	101⅛	101⅝	−0⅛	−0½	9.99
Renault Acpt. 10⅝ 86	150	100	100½	−0⅛	−0⅛	10.64
Swed. Ex. Cred. 10⅛ 91	100	99⅛	99⅝	−0⅛	+0⅛	10.30
World Bank 10 91	250	99⅞	100⅜	−0⅛	−0⅛	9.97

Average price changes... On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	94	94¾	−0⅛	−0⅛	7.39
Asian Dev. Bank 8 90	100	101⅛	101⅝	−0⅛	−0⅛	7.73
BFCE 6½ 91	100	94⅛	94⅝	−0⅛	−0⅛	7.35
Belgelectric Fin. 7⅜ 91	100	101⅛	101⅝	−0⅛	−0⅛	7.55
Bell Canada 7⅛ 93	100	104⅛	104⅝	−0⅛	−0⅞	6.68
Bergen, City of 6¾ 91	40	99⅛	99⅝	−0½	−0⅛	6.80
Bet. de Autopistas 8 90	50	†98⅛	99	−1⅛	−1⅛	8.18
CECA 6¾ 91	80	99	99⅝	−1	−0⅛	6.87
Dome Petroleum 5⅛ 91	100	92½	93	0	0	6.83
Dome Petroleum 7⅛ 90	100	103½	103⅞	−0½	+0⅛	6.67
Franc. Petroles 6½ 91	80	94⅛	95	−0⅛	−0⅛	7.28
Genstar 7 91	100	101⅛	101⅝	−0⅛	−0⅛	6.77
Int. Amer. Dv. Bk. 7 91	100	98⅛	99	−0⅛	−0⅛	7.17
I/S Elsam 8½ 91	60	104⅛	104½	−0⅛	−0⅛	7.83
Japan Air Lines 7⅛ 91	100	103⅛	103½	−0⅛	−0⅛	6.78
Neder. Gasunie 8 91	100	106½	106⅞	+0⅛	−0½	7.03
OKB 7 93	100	98½	99	+0⅛	−1	7.16
OKB 7⅛ 91	100	100⅛	100½	−0⅛	−1	7.19
Oslo, City of 8 91	100	104½	104⅞	+0⅛	−0½	7.31
Saint Etienne 8½ 91	20	104	104⅝	−0⅛	−0⅛	7.87
Swed. Ex. Credit 7⅛ 91	75	96⅛	96⅝	−1⅛	−0⅛	7.79
TNT O/S Fin. 8 91	50	104	104⅝	−0⅛	−0⅛	7.39
Unilever NV 7⅛ 93	100	104½	104⅞	−1	−1⅛	6.91
World Bank 6 91	100	92⅛	92⅝	−0⅛	−0⅛	7.13
World Bank 7 90	100	97½	97⅞	−2⅛	−3½	7.39
World Bank 8 91	100	102⅛	103	−0⅛	−0⅞	7.56

Average price changes... On day −0½ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	98⅛	99⅛	−0⅛	−0⅛	8.42
Australia 6½ 88	20	90⅞	91⅛	−0⅛	−0⅛	8.36
EIB 7⅛ 89	12	†98⅛	99⅛	+0⅛	+0⅛	7.89
Finland, Rep. of 8⅛ 87	15	98⅛	99⅛	−0⅛	−1⅛	8.57
Int.-Amer. Dev. 8⅛ 91	15	101⅛	102⅛	−0⅛	−1	8.57
New Zealand 8⅛ 87	15	100	101	−0⅛	−0⅛	8.24

Average price changes... On day −0⅛ on week −0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98	98½	−0⅛	0	17.31
Federal Dev. 17⅛ 86 C$	40	†102½	103½	−0⅛	−0⅛	16.70
GMAC (Can.) 18 87 C$	60	†105½	106½	−0½	0	16.22
Pancanadian 16⅛ 88 C$	65	†98⅛	98⅝	−0⅛	−0⅛	16.85
Queb. Urban 16⅛ 86 C$	20	†100	101	0	0	16.55
Roynat 17⅛ 86 C$	40	†101⅛	101⅝	0	−0⅛	16.73
Tordom Cpn. 13½ 85 C$	30	†93⅛	94⅛	−0⅛	+0⅛	15.79
M. Bk. Dnmk. 9 91 EUA	25	84	85½	0	0	11.68
SOFTE 8⅛ 89 EUA	40	78⅛	79⅛	0	+0⅛	12.92
U. Bk. Nwy. 9½ 90 EUA	18	91	92⅛	0	−0⅛	11.11
Algemene Bk. 10⅛ 86 Fl	60	97⅞	98⅛	−0⅛	+0⅛	10.91
Amfas Group 12⅛ 86 Fl	40	103	103⅛	−0⅛	+0⅛	11.34
Amro Bank 12 86 Fl	75	101⅛	101⅝	+0⅛	+0⅛	11.54
Amro Bank 12 86 Fl	80	101⅛	102⅛	−0⅛	+0⅛	11.43
Heineken NV 10 87 Fl	100	96½	97	0	0	10.79
Pierson 10⅛ 86 Fl	50	97	97½	0	−0⅛	11.11
Rabobank 12 86 Fl	50	101⅛	101⅝	0	+0⅛	11.54
Air France 14½ 86 FFr	200	93⅞	94⅛	+0⅛	+0⅛	16.48
Bk. America 14½ 86 FFr	250	92⅛	93⅛	0	+0⅛	16.77
Charb'nages 13⅛ 86 FFr	400	93⅛	94⅛	0	+0½	16.03
EIB 14½ 88 FFr	300	89⅛	90⅛	0	0	16.94
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	0	+0⅛	17.43
OKB 14 86 FFr	400	92⅛	93⅛	0	+0⅛	16.40
Solvay et C. 14⅛ 86 FFr	200	92⅛	93⅛	0	+0⅛	17.17
Swed. E. Cr. 14⅛ 86 FFr	250	93⅛	94⅛	0	+1	16.76
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	0	17.36
Acona 14 85 £	20	91⅛	92⅛	+0⅛	+0⅛	17.05
Beneficial 14⅛ 90 £	20	85	86	0	+0⅛	17.56
BNP 13⅛ 91 £	15	84⅛	85⅛	−0⅛	+0⅛	16.82
CECA 13½ 88 £	20	89⅛	90⅛	−0⅛	+0⅛	16.05
Citicorp O/S 13½ 90 £	50	89⅛	90⅛	−0⅛	+0⅛	15.76
Fin. Ex. Cred. 13⅛ 86 £	15	90⅛	91⅛	−0⅛	+0⅛	16.78
Gen. Elec. Co. 12½ 89 £	50	85⅞	86⅞	0	+0⅛	15.80
Hiram Walker 14⅛ 86 £	25	93⅞	94⅞	−0⅛	0	16.13
Privatbanken 14½ 88 £	12	90⅛	91⅛	−0⅛	+1½	16.97
J. Rothschild 14⅛ 90 £	12	92⅞	93⅞	−0⅛	−0⅛	15.65
Royal Trustco 14 86 £	12	93⅛	94⅛	−0⅛	+0⅛	16.18
Swed. Ex. Cr. 13⅛ 86 £	20	91⅞	92⅞	−0½	+0½	16.40
Akzo 9⅛ 87 LuxFr	500	85⅛	86⅛	0	0	12.85
Euratom 9⅛ 88 LuxFr	500	87	88	0	+0⅛	12.88
Eurofima 10½ 87 LuxFr	500	92⅛	93⅛	0	0	12.34
EIB 9⅛ 88 LuxFr	600	88⅛	89⅛	0	−0½	12.56
Volvo 9⅛ 87 LuxFr	500	86	87	0	0	13.19

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99⅛	99⅝	18/8	14⅛	14.32
Bank of Montreal 5⅛ 91	0⅛	99⅛	100	29/4	17.06	17.11
Bank of Tokyo 5⅛ 91	0⅛	99⅛	100⅛	10/6	13⅛	13.27
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	100	29/4	17.06	17.11
BBL Int. 5 86	0⅛	99⅛	99⅝	20/5	13⅛	13.57
BFCE 5⅛ 88	0⅛	99⅛	100⅛	26/4	16.94	16.96
BFCE 5⅛ 87	0⅛	99⅛	100⅛	27/1	5⅛	5.26
Christiania Bk. 5½ 91	‡0⅛	98⅞	99⅛	5/2	15.56	15.70
Co-Ban Eurofin 5½ 91	0⅛	98	99	14/4	16.69	16.90
Den Norske Cred. 5½ 93	0⅛	97⅛	97⅝	4/6	13.56	13.91
Genfinance 5⅛ 92	0⅛	99⅞	100	30/6	15⅛	15.54
Giro und Bank 5⅛ 91	‡0⅛	99⅛	99⅝	23/3	14.08	14.15
GZB 5⅛ 92	‡0⅛	98⅞	99⅛	5/3	13⅛	13.27
Ind. Bank Japan 5⅛ 88	0⅛	98⅞	99⅛	9/5	13.31	13.50
Lloyds Eurofin 5⅛ 93	§0⅛	99⅛	100⅛	29/4	17.13	17.15
LTCB Japan 5½ 89	0⅛	99	99½	16/7	15.31	15.43
Midland Int. Fin. 9 91	0⅛	99⅛	100⅛	30/4	17.06	17.06
Nacional Fin. 5½ 88	0⅛	†97⅛	97⅞	25/3	17.31	17.76
Nat. Bk. Canada 5⅛ 88	0⅛	99⅛	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5⅛ 91	§0⅛	99	99⅛	15/7	15.19	15.30
Nat. West. Fin. 5⅛ 92	§0⅛	99⅛	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91	0⅛	98⅛	99	6/5	15⅛	15.82
Offshore Mining 5⅛ 91	0⅛	98⅛	98⅝	2/6	13	13.20
Pemex 6 91	0⅛	97⅛	97⅝	8/4	17	17.46
PKbanken 5 91	0⅛	98⅛	99⅛	17/6	14⅛	14.52
Sanwa Int. Fin. 5⅛ 88	0⅛	†98⅛	99⅛	24/3	17⅛	17.31
Scotland Int. 5⅛ 92	0⅛	98⅛	98⅝	23/3	13.94	14.17
Sec. Pacific 5⅛ 91	0⅛	98⅞	99	24/5	13⅛	13.42
Societe Generale 5⅛ 91	0⅛	99⅛	99⅝	22/7	15⅛	15.35
Standard Chart. 5⅛ 91	0⅛	98	98½	18/5	13.31	13.55
Sumitomo Fin. 5½ 89	0⅛	98⅛	99⅛	6/2	19.56	19.76

Average price changes... On day −0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	95½	97	−2	2.10
Bow Valley Inv. 8 95	4/81	23.12	95⅛	97½	−2½	36.22
Canon 5⅛ 95	1/81	829	107⅛	109⅛	−2⅛	−0.16
Daiwa Secs. 5½ 96	12/81	513.3	†76	78	−1	−2.17
Fujitsu Fanuc 4½ 96	10/81	6770	107½	109	−3⅛	1.81
Furukawa Elec. 5⅛ 96	7/81	300	121	122⅛	−4⅛	−4.04
Hanson O/S Fin. 9½ 96	8/81	2.74	†85	86	−5	80.74
Hitachi Cred. Cpn. 5 96	7/81	1773	86⅛	88	−3⅛	5.47
Inchcape 8 95	2/81	4.56	†64⅛	66	−0⅛	11.01
Kawasaki 5⅛ 96	8/81	229	77⅛	79	−1⅛	4.34
Marui 6 96	7/81	931	102⅛	103⅛	−1⅛	8.58
Matsushita El. 7½ 95	11/80	590	87⅛	89	−2⅛	3.36
Minolta Camera 5 96	10/81	909	70⅛	72	−1⅛	6.81
Minorco 9⅛ 97	5/82	8.16	†96⅛	96⅞	—	8.35
Murata 5⅛ 96	7/81	2190	76⅛	78	−1	18.91
NKK 5½ 96	7/81	188	96⅛	98	−0½	5.12
Nippon Chemi-C. 5 91	10/81	919	74⅛	76½	0	4.33
Nippon Electric 5⅛ 97	2/82	846	101	102	−2⅛	−0.86
Orient Finance 6⅛ 97	3/82	1567	93⅛	95⅛	−1⅛	4.36
Sanyo Electric 5 96	10/81	652	77	78½	−1⅛	2.47
Sumitomo Met. 5⅛ 96	10/81	305	78⅛	80	−2	−0.47
Swiss Bk. Cpn. 6⅛ 90	9/80	191	†73	75	0	20.65
Taylor Woodrow 8⅛ 80	1/81	4.94	†86	87½	−2⅛	−4.19
Union Bk. Switz. 5 89	2/80	70.79	†82	84	0	10.84
Konishiroku 6 90 DM	2/82	585	101⅛	102⅛	−1½	−2.85
Mitsubishi H. 6 89 DM	2/82	283	100⅝	101⅞	−0⅛	2.37

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN QUARTERLY RESULTS

ALBANY INTERNATIONAL	1981	1980
Fourth quarter	$	$
Revenue	95.5m	93.8m
Net profits	4.99m	7.42m
Net per share	0.75	1.11
Year		
Revenue	376m	365.5m
Net profits	27.92m	25.91m
Net per share	4.15	3.87

AMERICAN STANDARD	1981	1980
Fourth quarter	$	$
Revenue	600.3m	672.9m
Net profits	16.1m	27.9m
Net per share	0.59	1.02
Year		
Revenue	2.47bn	2.67bn
Net profits	111.5m	138m
Net per share	4.07	5.00

BAXTER TRAVENOL LABORATORIES	1981	1980
Fourth quarter	$	$
Revenue	407.8m	378.3m
Net profits	43.3m	32.8m
Net per share	0.62	0.47
Year		
Revenue	1.5bn	1.37bn
Net profits	150.6m	127.3m
Net per share	2.15	1.84

CASTLE AND COOKE	1981-82	1980-81
Second quarter	$	$
Revenue	286.4m	419.6m
Net profits	3.07m	6.19m
Net per share	0.07	0.21
Six months		
Revenue	914.6m	323.7m
Net profits	572,000	11.99m
Net per share	†0.08	0.38

†Loss

CLARK EQUIPMENT	1981	1980
Fourth quarter	$	$
Revenue	328.5m	356m
Net profits	†10.4m	18.9m
Net per share	†0.62	1.33
Year		
Revenue	1.4bn	1.53bn
Net profits	29.9m	52.9m
Net per share	2.35	4.13

CONE MILLS	1981	1980
Fourth quarter	$	$
Revenue	152m	165.5m
Net profits	8.1m	10.7m
Net per share	1.41	1.86
Year		
Revenue	667.5m	729.5m
Net profits	33.7m	50.9m
Net per share	5.80	8.82

CONSOLIDATED PAPERS	1981	1980
Fourth quarter	$	$
Revenue	131.2m	136.3m
Net profits	13.67m	14.24m
Net per share	1.26	1.32
Year		
Revenue	536.9m	510.3m
Net profits	54.66m	52.57m
Net per share	5.05	4.91

DART AND KRAFT	1981	1980
Fourth quarter	$	$
Revenue	2.64bn	2.45bn
Net profits	11.6m	97.2m
Net per share	0.21	1.79
Year		
Revenue	10.21bn	9.415n
Net profits	347.5m	383.1m
Net per share	6.36	7.03

DOW JONES	1981	1980
Fourth quarter	$	$
Revenue	173.4m	147.6m
Net profits	23.3m	19.3m
Net per share	0.74	0.62
Year		
Revenue	641m	580.7m
Net profits	71.4m	58.9m
Net per share	2.28	1.89

EMERSON ELECTRIC	1981-82	1980-81
First quarter	$	$
Revenue	802.3m	783.4m
Net profits	67.9m	63.9m
Net per share	1.06	1.00

FOOTE MINERAL	1981	1980
Fourth quarter	$	$
Revenue	38.7m	44.2m
Net profits	1.89m	1.24m
Net per share	0.22	0.14
Year		
Revenue	185.3m	188.4m
Net profits	9.56m	6.26m
Net per share	1.19	0.74

FOREMOST CORP OF AMERICA	1981	1980
Fourth quarter	$	$
Revenue	79.7m	75.4m
Net profits	8.29m	7.61m
Net per share	1.22	1.16
Year		
Revenue	282.5m	273.8m
Net profits	24m	20m
Net per share	3.62	3.03

FRONTIER AIRLINES	1981	1980
Fourth quarter	$	$
Revenue	141.1m	123.2m
Net profits	7.67m	10.42m
Net per share	0.83	1.20
Year		
Revenue	577.4m	468.8m
Net profits	31.9m	23.2m
Net per share	3.51	2.68

GATX CORPORATION	1981	1980
Fourth quarter	$	$
Revenue	324.7m	284.6m
Net profits	15.43m	15.95m
Net per share	1.19	1.23
Year		
Revenue	1.22bn	1.01bn
Net profits	68.6m	65.9m
Net per share	5.26	5.09

GOLDEN NUGGET	1981	1980
Fourth quarter	$	$
Revenue	64m	21.2m
Net profits	5.32m	†3.89m
Net per share	0.65	†0.52
Year		
Revenue	273.1m	62.4m
Net profits	31.32m	†2.59m
Net per share	3.80	†0.39

† Loss

FRANK B. HALL	1981	1980
Fourth quarter	$	$
Revenue	92.6m	87.8m
Net profits	5.66m	5.28m
Net per share	0.49	0.46
Year		
Revenue	353.6m	312.9m
Net profits	30.47m	28.61m
Net per share	2.65	2.61

KNIGHT RIDDER	1981	1980
Fourth quarter	$	$
Revenue	331.6m	303.2m
Net profits	29.31m	28.95m
Net per share	0.90	0.90
Year		
Revenue	1.24bn	1.09bn
Net profits	100.4m	92.88m
Net per share	3.09	2.87

MARYLAND CUP	1981-82	1980-81
First quarter	$	$
Revenue	135.9m	131.1m
Net profits	3.83m	3.72m
Net per share	0.58	0.55

MAYTAG	1981	1980
Fourth quarter	$	$
Revenue	83.5m	86.3m
Net per share	0.46	0.66
Year		
Revenue	408.6m	349.2m
Net profits	37.4m	35.5m
Net per share	2.65	2.67

NICOR INC.	1981	1980
Year	$	$
Revenue	2.12bn	1.74bn
Net profits	123.3m	101.4m
Net per share	5.51	5.00

NOBLE AFFILIATES	1981	1980
Fourth quarter	$	$
Revenue	108.2m	71.2m
Net per share	0.50	0.29
Year		
Revenue	388.9m	276.6m
Net profits	80.28m	47.19m
Net per share	1.81	1.09

PACCAR	1981	1980
Year	$	$
Revenue	1.74bn	1.67bn
Net profits	85.1m	81.1m
Net per share	9.39	8.84

PIONEER CORPORATION	1981	1980
Fourth quarter	$	$
Revenue	317.5m	232.1m
Net profits	25.21m	23.96m
Net per share	0.68	0.64
Year		
Revenue	1.22bn	912m
Net profits	110.2m	90.56m
Net per share	2.96	2.44

POTLATCH CORPORATION	1981	1980
Fourth quarter	$	$
Revenue	210.4m	221.5m
Net profits	30.59m	14.17m
Net per share	1.85	0.93
Year		
Revenue	880.5m	818.3m
Net profits	57.8m	48.75m
Net per share	3.25	3.21

READING AND BATES	1981	1980
Fourth quarter	$	$
Revenue	146.3m	126.9m
Net profits	28.59m	23.47m
Net per share	0.92	0.77
Year		
Revenue	536.5m	413.1m
Net profits	93.43m	72.84m
Net per share	3.01	2.61

REVERE COPPER AND BRASS	1981	1980
Fourth quarter	$	$
Revenue	202.9m	170.8m
Net per share	†0.27	1.10
Year		
Revenue	820.9m	748.1m
Net profits	9.36m	21.87m
Net per share	1.64	3.82

† Loss

S'THERN NEW ENGLAND TEL.	1981	1980
Fourth quarter	$	$
Revenue	260.3m	230.3m
Net per share	1.96	2.13
Year		
Revenue	1bn	825m
Net profits	109m	77.8m
Net per share	7.69	5.60

STORAGE TECHNOLOGY	1981	1980
Fourth quarter	$	$
Revenue	278.1m	184.9m
Net per share	0.89	0.50
Year		
Revenue	921.9m	603.5m
Net profits	82.4m	45.4m
Net per share	2.50	1.72

SUBURBAN PROPANE GAS	1981-82	1980-81
First quarter	$	$
Revenue	225.3m	209.9m
Net profits	8.75m	7.73m
Net per share	1.84	1.64

UNITED BRANDS	1981-82	1980-81
Second quarter	$	$
Revenue	985.2m	1.01bn
Net profits	†6.11m	1.11m
Net per share	†0.62	0.05
Six months		
Revenue	1.92bn	2.01bn
Net profits	†18.05m	†6.62m
Net per share	†1.78	0.49

†Loss

WILLIAMS ELECTRONICS	1981-82	1980-81
First quarter	$	$
Revenue	34.5m	23.2m
Net profits	4.31m	1.47m
Net per share	0.57	0.20

WISCONSIN ELECTRIC POWER	1981	1980
Fourth quarter	$	$
Revenue	322.9m	284.4m
Net profits	29.8m	14.1m
Net per share	1.24	0.52
Year		
Revenue	1.15bn	1.01bn
Net profits	105.5m	82.5m
Net per share	4.39	3.53

THE BOURSE IN 1981

Boom times for French brokers

BY TERRY DODSWORTH IN PARIS

"FRENCH stockbrokers have had an excellent year. There is no better time for them than when the Left is in power."

This cynical analyst's observation on the Paris Bourse may be difficult to square with a year which saw a devaluation, a dramatic share price collapse and the vicious struggle over the Socialist Government's nationalisation programme.

But the comment illustrates the enormous amount of activity provoked on the stock exchange by the elections and the landslide Socialist victory last May. Brokers, paid on commission, were on the receiving end of a 23 per cent increase in dealings volume, with the value of transactions rising to FFr 150bn ($25bn) from FFr 122bn in 1980.

The nationalisation issue lay at the centre of this frenetic activity, alternatively firing investors with hopes of quick returns and then dempening enthusiasm with fears of punitive compensation terms.

It was mainly foreigners, speculating on the re-election of M Giscard d'Estaing, who held the market up by buying the depressed "nationalisable" shares in the few weeks before the Presidential elections. Dealers reckon that it was these same foreigners, selling hard in the wake of President Francois Mitterrand's victory, who sent the market into its sharpest post-war tumble last summer.

The same shares took a further heavy knock after the announcement of the Government's nationalisation terms last September, provoking a 15-day suspension. But they have since come back yet again to yield some handsome profits to speculators who gambled correctly on the recent Constitutional Council judgment in favour of better compensation terms.

At the end of this roller-coaster ride, the Bourse ended last year with the CAC general index down by 17.6 per cent at 92.3. Dealers, pointing to the year's low of 77.3 reached last June, which took the index back to 1978 levels, reckon it might have been worse. But the year's trading still wiped more than 12 per cent off share values as a whole, leaving Paris's market capitalisation—the global value of all quoted shares—at FFr 224.6bn.

Even more damaging, the general disarray in the equity market last year undoubtedly dealt a serious blow to the hopes that the last Government had nourished of opening up the Bourse to more companies.

These plans to match the increased flow of funds generated in the late 1970s with an equal number of new flotations, never really got off the ground. But last year was particularly poor. Only two significant introductions, including Geophysique, the oil exploration company which has quickly established itself as a vogue stock, were made. These will give only the mildest counterbalance to the imminent loss of the "nationalisables," reckoned to account for about 17 per cent of current equity values.

One of the most important questions now overhanging the Bourse is what, if anything, the Government intends to do about this emasculation of the equity market. Nationalisation of virtually all the leading stocks is going to lead to a vastly different structure in the French financial network.

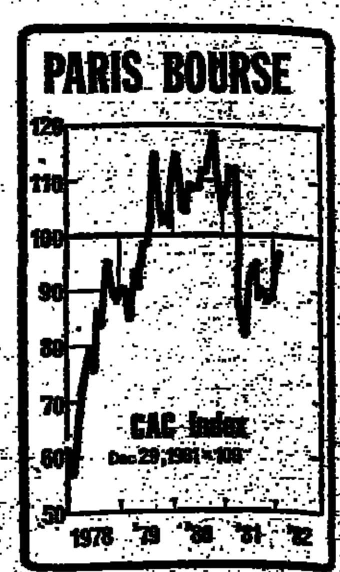
All of the nationalisable companies will in future be quoted on the bond markets, and *further financing* will be done either through domestic issues, international loans, or by direct government capital injections. This is not expected to impose unbearable strains on the bond market.

Under the influence of high interest rates, plus new devices such as index linked loans—these accounted for 20 per cent of French market last year—the bondmarket more than held its own in 1981. The funds raised, at FFr 107bn, were only slightly short of the FFr 111bn achieved in 1980. Although rates had to be pushed up to 16.75 per cent by the Government (against 17.50 per cent for private companies), the authorities managed to raise FFr 74bn for the Treasury and public sector corporations.

With the budget deficit rising sharply, dealers expect similarly heavy demands on the bond market this year. But according to analysts, that should still leave spare capital searching for suitable investments on the Bourse. With the clamp down on the gold market, the stagnation of property investment, and the limitations on overseas investments and bank deposits, there is liquidity to spare for equities. Already this year prices have begun to rise as more money chases the declining number of stocks.

In a recent paper on this question, M Pierre Uri, a leading Socialist economist, said the maintenance of a healthy balanced mixed economy demanded an "unprecedented expansion" in share issues and in the stock market. A great need for equity capital existed in medium-size companies that were poorly adapted to make bond issues.

In addition, the move of 11 per cent of the market capitalisation into the State sector would open up space in the equity market for newcomers. How the Government intends to respond to these arguments should become clearer in the Spring, when it is due to publish proposals for a reform of the savings system.



Krauss-Maffei sees sales gain

BY KEVIN DONE IN FRANKFURT

KRAUSS-MAFFEI, the defence contractor and engineering group, expects a sharp rise in sales this year as production of the Leopard II battle tank builds up to full capacity.

The concern, part of the privately-owned Flick group, has suffered a sharp decline in turnover in the past two years with the run down of previous military contracts. However, sales are expected to rise to around DM 1.6bn this year, compared with DM 1.15bn in 1981 and DM 1.3bn in 1980. In 1979 Maffei achieved sales of DM 1.9bn.

Of this year's expected turnover around DM 1.2bn will come from the company's defence contracts compared with DM 830m in 1981.

No progress had been made in talks over the possible delivery of tanks to Saudi Arabia, according to Dr Hans-Heinz Griesmeier, Krauss-Maffei's, chief executive. Such a deal would still be dependent on a final decision from the Federal Government over a broadening of regulations covering arms exports.

Herr Griesmeier made clear that serious questions had arisen over the project for the joint development of a new battle tank with France. It appeared more likely, he said, that Germany might push ahead with the development of a new tank on the basis of the Leopard II.

Saga outlines investment needs

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, Norway's main private enterprise oil company, wil need investment, and operating capital totalling some NKr 4.5bn ($760m) during the 1980s to meet its commitments on oil and gas fields.

This was stated yesterday by Mr Asbjorn Larsen, the managing director who said Saga was still operating at a loss.

But if the Government's oil price forecast held good, and if prices for petrochemical feedstocks developed "reasonably well," there was hope that the company would show an after tax profit from the mid-1980s.

Operating income would rise sharply over the next few years as output increased from the Statfjord field, where Saga has a stake of slightly less than 2 per cent, and got underway elsewhere.

From around NKr 200m in 1981, it would increase to an estimated NKr 220m this year and to NKr 500m by 1984.

Saga would have to borrow abroad much of its capital needs for the current decade. Its 6 per cent stake in block 34/10 represented an investment requirement of NKr 2.3bn, and its 2 per cent stake in Statpipe—the company building Norway's new gas gathering pipeline—a requirement of NKr 400m. On top of this were the exploration costs on fields where Saga was a partner.

Hungarian bank lifts earnings

By Paul Lendvai in Vienna

CENTRAL European International Bank, the Hungarian joint venture bank, reports net profits of $4.8m for 1981, against $2.6m a year earlier.

The bank, while subject to the state's credit policy guidelines, operates independently of the State-controlled banking system. It pays a 10 per cent tax on profits, and finances joint ventures both in Hungary and abroad.

Air Inter raises profit

BY DAVID WHITE IN PARIS

AIR INTER, the state-controlled French domestic carrier, bucked the disappointing trend among world airlines last year and made a net profit of FFr 68m ($11.4m), 22 per cent more than in 1980.

The airline's results followed closely on the announcement of a FFr 380m loss at Air France, its international counterpart.

The success of Air Inter's recent cheap fare schemes was marked by a 12 per cent increase in the number of passengers to 8.6m, well up on initial projections for the year. Turnover rose by 21 per cent.

The airline, which is facing strong competition on the busy Paris-Lyon route from the new TGV high-speed train, raised basic fares by 10 per cent this month. However, there should be no further rise before the end of the year and "we aim to keep fare increases below the overall inflation rate."

New accounting regulations for Spanish banks

By Robert Graham in Madrid

THE BANK of Spain has issued new instructions tightening up bank accounting procedures, notably those concerned with doubtful and bad debts.

The most significant feature of the new ground rules is a requirement for banks to set aside a minimum provision of 1.5 per cent of total risk. The big seven banks already exceed this ratio which in some instances tops two per cent.

However, there are almost 110 private commercial and industrial banks in Spanish hands. The bulk are small or medium sized and up to 60 of them are unlikely to distribute dividends for 1981. A "good many" are unable to make adequate provision for risk, according to the Bankers Association.

The Bank of Spain has given the banks four years to comply fully with the new regulations which have been under discussion for several months.

Originally, the banks thought the changes would be tougher, enforcing a quicker time scale on risk cover.

Turnover up at La Rinascente

By Rupert Cornwell in Rome

LA RINASCENTE, Italy's largest store group, reports a 30 per cent rise in turnover to L1,336bn ($1.07bn) for 1981, with three percentage points stemming from the new RBO supermarket chain. The group's other stores registered 17 per cent sales growth in the year.

The company, whose major shareholder is Sig Giuseppe Cabassi, the Milanese financier and property magnate, returned to the black in 1979, after five years of losses. In 1980 it reported earnings of L15bn.

Arabian Oil cuts dividend by half

By Yoko Shibata in Tokyo

ARABIAN OIL, Japan's largest oil producing company, has reported a 38.2 per cent setback in operating profits to Y232.77bn ($1bn) for 1981, and is halving its dividend to Y30. The downturn is attributed to a slackened market for oil products caused by sluggish industrial activity and a shift to other energy sources. There were also losses on foreign exchange transactions.

Parent company net profits were Y2.71bn, down 58.8 per cent, on sales of Y545.94bn, down 23.6 per cent. Profits per share slipped to Y54.12, from Y131.44.

Arabian Oil is 10 per cent owned by both Saudi Arabia and Kuwait and has concessions in the Khafji oil field in the neutral territory between the two countries. Tokyo Electric Power Company and Kansai Electric Power Company together own another 11 per cent.

The company expects higher volume sales in the current year stimulated by a cutback in crude oil prices. However, a further fall in market prices is also foreseen and the value of full-year sales is expected to fall slightly over the figure for 1981. Operating profits and net profits are expected to be maintained at 1981 levels.

Growth slows at Citicorp Australia

By Graeme Johnson in Sydney

CITICORP AUSTRALIA, the local offshoot of the U.S. financial group, lifted profits by 49.4 per cent from A$11.26m to A$16.83m (US$18.5m) in 1981 despite a final quarter interest bill up by 60 per cent to A$196.94m.

At the six months stage net profits were 132 per cent ahead but the increase had fallen to 80 per cent at the end of nine months.

Net receivables climbed by 28.6 per cent in the year from $1.26bn to $1.62bn derived mainly from the residential mortgage market and corporate finance. Mr John Thom, the general manager, said Citicorp was mindful of the problems of higher interest rates and was taking steps to counter volatile capital markets in 1982.

Japan to discourage sales of zero coupon bonds

BY RICHARD C. HANSON IN TOKYO

JAPANESE securities houses expect the authorities to apply pressure to discourage the sales of foreign-issued zero coupon bonds, which have proved popular among Japanese individual investors as a tax shelter.

There is no clear indication so far as to what form the Finance Ministry's "guidance" on the matter will take, but the Government clearly wants the securities companies, under its jurisdiction, to avoid encouraging individual investors to take advantage of the bond sales. Some securities houses have been promoting the issues.

The Ministry of Finance apparently has been gathering information on how extensive sales of zero coupon bonds have been, but so far no sound estimates are available. The securities houses themselves are reluctant to talk about the extent of sales but claim that some estimates in the Japanese press have been "excessive."

The Ministry is somewhat restricted in the direct actions it can take in such cases, mostly because of a change in the foreign exchange law in December 1980 which liberalised most capital flows. There is also no mechanism available to the tax authorities to impose a tax on the redemption profits made on zero coupon bonds bought and held overseas.

The matter of the bonds has become highly sensitive for two reasons. First is the introduction in two years' time of a so-called "green card" system which will give the tax authorities much stricter control on interest income from deposits in Japan. In order to avoid paying taxes on what is believed to be a huge amount of "hidden" deposits (much of it now resting in the government's postal savings system), individuals have been seeking various safe tax-free investment vehicles, including, it seems, buying gold.

The other delicate point for securities houses is that, together with the banks, they are in the midst of negotiations with the Ministry on how to implement certain important changes in the law which take effect from April 1 this year.

The securities houses and banks will be allowed to sell foreign issued commercial paper and certificates of deposit in Japan, but the authorities have not decided whether to accept a liberal plan proposed by the securities industry or a restrictive one asked for by the banks.

Kimet buys 49% of Griffon

BY JIM JONES IN JOHANNESBURG

KIMET, the quoted South African investment company which controls the unquoted Kirsh Industries group's cash-and-carry wholesaling, liquor, insurance, and retailing interests, has acquired a 49 per cent interest in Griffon Holdings, the unquoted company which owns 44.3 per cent of the voting shares of the Greatermains retail chain group.

Griffon was 30 per cent owned by the investment company Federale Volksbellegings (FVB) and 70 per cent by Mr Isaac Kaye and Mr Dusty Miller who are directors of Greatermans. Kimet has acquired the entire FVB interests and part of those of Messrs Kaye and Miller.

Greatermans which runs South Africa's largest supermarket chain, the Checkers, and the Greatermans chain of department stores, has 3.05m voting ordinary shares in issue and 2.63m non-voting ordinary.

Against the trend of the retail sector, Greatermans last week reported a 24 per cent drop in first-half attributable profits to R5.44m ($5.6m) for the 26 weeks ended December 26. Results were affected by excessive theft and the start up costs of 14 new supermarkets. Its voting and non-voting ordinary shares were changing hands at 1,275 cents at the close of trading on the Johannesburg Stock Exchange yesterday.

Kimet intends passing Griffon interests to its 50 per cent owned subsidiary Metro Corporation. In exchange Metro will issue 520,000 new shares in itself to Kimet—increasing Kimet's stake to just over 56 per cent. Metro will then sell the Griffon interests to its 81.5 per cent owned subsidiary Coki—which is the direct holding company of the Kirsh group's retailing and liquor interests.

No details of future plans for Greatermans have yet been announced. Johannesburg stockbrokers believe that at least some of the company's poorly performing department stores will be converted into discount stores selling fast-moving consumer goods. Coki already has interests in this field.

The Kirsh group's profit base changed considerably last year following several acquisitions. Its results for 1981 have still to be announced but should bear little relation to those of 1980.

CRA in feasibility study for petro-chemicals plant

BY OUR SYDNEY CORRESPONDENT

CRA, the UK-controlled mining group, has signalled a major diversification into petro-chemicals by joining a Japanese feasibility study into a possible A$900m (U.S.$986m) plant in South Australia.

The company announced that it has entered into an agreement with Asahi Chemical Industry Company under which both would carry out preliminary feasibility studies for a petro-chemical plant.

CRA said the plant would produce caustic soda ethylene and ethylene dichloride as base products for domestic use and export. "The studies which will be completed later this year will enable the participants to decide whether the construction and operation of such a petro-chemical plant will be economically viable," it said.

The announcement follows almost 10 years of on-and-off plans for petro-chemical plants in South Australia. Dow Chemicals almost built a plant in 1973 and ICI followed hard on its heels a few years later. The ICI plant was mothballed, and Dow came back into the picture declaring a two-year moratorium in 1980. Recently two big Japanese companies, Asahi and Mitsui, have indicated their interest in the projects.

Dow revealed last November that it was beginning fresh studies based on a site at Stony Point where the Cooper Basin partners are building a $750m liquids plant to handle gas and condensates

WORLD STOCK MARKETS

Modest early Wall St rally

GAINING SOME support from an improving Bond market and a slight decline in the Federal Funds Rate, Wall Street showed a modestly firmer tendency in fairly active early trading yesterday after Monday's sharp retreat.

The Dow Jones Industrial Average, which fell 19.41 on Monday after rising 28 points in the prior two trading days, picked up 2.38 to 854.07 at 1 pm yesterday. The NYSE All Common Index recouped 19 cents at $68.20, while rises led falls by a six-to-five margin. Trading volume amounted to 30.12m shares, against the previous day's 1 pm figure of 33.71m.

Analysts doubted that the market would exhibit any strong momentum for the rest of yesterday due to Prime Rate increases by several major banks to 16½ per cent from 15¾, reversing the downward trend rates had been in since July last year.

However, the outlook for interest rates was confused by a decline in the closely watched Federal Funds Rate, on overnight loans between banks, to a low of 15½ per cent from Monday's close of 15⅞ per cent.

Michael Metz, of Oppenheimer and Co., said Monday's Wall Street fall was an overreaction to the Prime Rate increases, and some technical correction was to be expected yesterday. He added that there was no real conviction behind the downturn and expects the market to resume its rally of last week after the $10bn Treasury refunding is completed tomorrow.

Aerospace, Technology and interest-rate sensitive stocks were market leaders, but Energy issues were generally weaker.

IBM was the volume leader, up ⅝ to $63⅛. Also on the actives list, issued Shamrock put on 1½ to $35½, Tandy ½ to $35⅛ and RCA ½ to $18.

Storage Technology rose 1½ to $31½ on higher earnings, but Dart and Kraft fell $1 to $50⅛ due to lower results.

THE AMERICAN S.E. Market Value Index improved 0.68 to 288.06 at 1 pm. Volume 2.46m shares (3.05m).

Closing Prices for North America were not available for this edition.

Canada

Markets retained an easier inclination yesterday morning in moderate dealings. The Toronto Composite Index was off 0.7 at 1,740.2 at noon, while Oil and Gas softened 2.5 to 3,068.4 and Metals and Minerals 9.4 to 1,611.7, but Golds recovered 8.7 to 2,518.3.

Tokyo

Rising U.S. interest rates, Monday's Wall Street plunge and the yen's continued decline against the dollar combined to push Tokyo shares broadly lower yesterday in a fair turnover.

The Nikkei-Dow Jones Average dipped 31.79 to 7,828.00, the severest one-day fall since losing 109.46 on November 27 last year. The Tokyo SE index weakened 6.10 to 576.45, while volume picked up to 320m shares from Monday's light 200m.

Internationally well-known issues came under selling pressure all day, with foreign investors generally withdrawing from the market.

Both dealers and investors were also cautious about the fact that a large volume of margin buying positions in Blue Chips and Populars will be called this month.

A news report that the price of video tape recorders in the U.S. has been falling added to the pressure. Among makers of this equipment, Matsushita Electrical declined Y60 to Y1,270 and Hitachi Y17 to Y697. Sony shed Y50 to Y3,640, Victor Y70 to Y2,310 and Sanyo Electric Y18 to Y481.

Machine Tools were sold, with Okuma Machinery falling Y23 to Y741 and Toshiba Machine Y24 to Y636.

Elsewhere, Nissan Motor slipped Y19 to Y811, Canon Y16 to Y959, Kyoto Ceramic Y90 to Y3,710 and Sumitomo Metal Y12 to Y229.

Hong Kong

Shares generally lost ground in further light dealings, dragged down by the overnight Wall Street fall. The market opened lower and then tried to rally before succumbing to steady selling. The Hang Seng index finished 25.87 down at 1,390.15, while turnover totalled HK$154.27m, a slight improvement on Monday's HK$144.20m.

Several brokers commented that while the market could continue to drift lower in the near-term, there was some pent-up demand waiting for any brighter news about interest rates. However, they added that it could take several weeks for confidence to return.

Germany

Bourse prices were mixed to easier in moderate trading, but brokers said the market showed considerable resistance to the very bearish trends in the U.S. and lower German Bond prices. Market sources suggested that foreign investors might have been buying West German shares while the D-mark is weak in hopes of realising medium-term gains on the shares themselves as well as the exchange rate.

Domestic Bond prices fell in relatively light trading, with Public Authority Loans down an average of 50 pfennigs. Investors were driven away from the market by rising U.S. interest rates and the strong dollar, and the Bundesbank proved the principal buyer in the market, taking up DM 40.1m of paper in Frankfurt and 69.9m throughout West Germany.

Australia

On returning from the holiday-lengthened weekend, markets showed only a mild tendency to ease yesterday in the wake of rising U.S. interest rates, a heavy fall on Wall Street and a weaker Bullion price. The All Ordinaries index was just 0.9 down at 548.0.

On the home front, the market faced depressing figures from the major mining groups, but at times looked as if it intended to overlook historical results and concentrate on the coming half-year. However, leading Resources issues mainly ended on a softer note, losing some of last week's gain.

BHP shed 8 cents to A$9.82 and CSR 7 cents to A$3.58, while MIM, A$3.00, and North BH, A$2.50, slipped 5 cents apiece. However, overseas interest persisted in Western Mining, which held unchanged at A$3.65.

Peko-Wallsend featured strongly, ending 42 cents up at A$6.00, after A$6.20. Several brokers said Peko was rumoured as a take-over candidate for mining giant CRA, but spokesmen for CRA and Peko both emphatically denied this.

Johannesburg

Gold shares declined afresh in fairly active trading as the Bullion price remained depressed around the $380 level. Hartebeest fell R3.50 to R55.50 and Buffels R1.50 to R38.50.

Retail Stores shares featured as a battle appeared to develop for control of Edgars Stores, one of the country's largest clothing chains. The shares of Edgars' Consolidated Investments, its holding company, jumped R3 more to R14.00 following a R4 rise on Monday. South African Breweries, up 20 cents at R3, is rumoured to be bidding for control of the company, but the largest shareholders, including Liberty Life Insurance, appear to be trying to increase their present stake of around 40 per cent.

Among other Retail stocks, Cokl gained 30 cents to R11 following news that it is to acquire 49 per cent of Greatermans Stores.

Paris

Stock prices picked up after a weak start and the market indicator was practically unchanged at the close. Traders said investors had initially been put off by the strength of the dollar and the rise in U.S. interest rates, but had gradually recovered their confidence. Declines finally outnumbered advances by only a small margin, to 67 in the French section.

Indices

NEW YORK —DOW JONES

	Feb. 1	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 25	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
♦Industr'ls	851.69	871.10	864.25	842.88	841.51	842.75	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	56.80	57.00	56.59	56.50	56.20	56.23	65.78 (15/1/81)	54.99 (1/10)	—	—
Transport.	350.65	358.14	350.15	340.17	337.28	340.31	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.90	107.51	106.69	105.86	104.56	104.18	117.81 (5/1/81)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	47,720	73,400	66,690	50,060	44,870	43,170	—	—	—	—

♦Day's high 858.34, low 848.08.

Ind. div. yield %	Jan. 29	Jan. 22	Jan. 15	Year ago (approx)
	6.35	6.55	6.52	5.75

STANDARD AND POORS

	Feb. 1	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 25	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	131.59	134.61	132.98	129.36	128.74	128.99	157.02 (6/1/81)	125.93 (25/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	117.78	120.40	118.92	115.74	115.19	115.41	138.12 (6/1/81)	112.77 (25/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Jan. 27	Jan. 20	Jan. 13	Year ago (approx)
Ind. div. yield %	5.67	5.67	5.70	4.57
Ind. P/E Ratio	7.81	7.77	7.75	9.23
Long Gov. Bond yield	13.90	14.13	14.20	12.11

NY. S.E. ALL COMMON

Feb. 1	Jan. 29	Jan. 28	Jan. 27	1981-82 High	1981-82 Low
68.01	69.39	68.58	66.78	79.14 (6/1/81)	64.96 (25/9)

Rises and Falls

	Feb. 1	Jan. 29	Jan. 28
Issues Traded	1,860	1,886	1,867
Rises	385	1,136	1,342
Falls	1,168	422	258
Unchanged	307	328	267
New Highs	15	29	28
New Lows	24	14	42

MONTREAL	Feb. 1	Jan. 29	Jan. 28	Jan. 27	1981-82 High	1981-82 Low
Industrials	291.16	306.42	305.04	295.87	409.56 (27/5)	293.42 (26/1/82)
Combined	286.98	291.82	289.94	280.78	375.28 (15/6)	280.89 (26/1/82)
TORONTO Composite	1740.9	1786.3	1783.1	1717.4	2398.65 (16/7)	1704.8 (26/1/82)

	Feb. 2	Feb. 1	Jan. 29	Jan. 28	1981-82 High	1981-82 Low
AUSTRALIA All Ord. (1/1/80)	548.0	(c)	548.9	545.2	757.5 (8/4)	539.5 (26/1/82)
Metal & Minls. (1/1/80)	395.2	(c)	395.6	386.1	735.2 (7/1/81)	377.5 (21/1/82)
AUSTRIA Credit Aktien (2/1/62)	55.24	55.39	55.21	55.89	66.45 (5/1/81)	55.04 (13/10)
BELGIUM Belgian SE (31/12/63)	94.78	95.89	94.51	91.45	95.89 (1/2/82)	69.55 (16/6)
DENMARK Copenhagen SE (1/1/73)	124.47	123.25	123.97	123.47	124.69 (22/1/82)	95.88 (2/1/81)
FRANCE CAC General (29/12/81)	96.9	97.5	97.80	96.7	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/81)	113.2	113.1	113.90	113.0	113.9 (29/1/82)	97.7 (4/1/82)
GERMANY FAZ-Aktien (31/12/58)	226.96	226.81	225.81	224.46	245.47 (5/7)	215.88 (9/2)
Commerzbank (Dec 1953)	695.1	691.6	690.40	686.2	749.8 (3/7)	655.4 (19/2)
HOLLAND ANP-CBS General (1970)	87.8	88.4	88.4	87.9	96.8 (20/6)	78.3 (28/9)
ANP-CBS Indust (1970)	68.5	68.9	69.1	68.8	76.4 (22/6)	61.4 (22/12)
HONG KONG Hang Seng Bank (31/7/64)	1390.15	1416.02	1417.42	1398.30	1810.20 (17/7)	1113.77 (5/10)
ITALY Banca Comm Ital. (1972)	190.86	192.04	190.29	188.82	282.85 (3/6)	186.44 (24/7)
JAPAN** Dow Average (16/5/49)	7828.00	7809.79	7916.82	7803.85	8019.14 (17/8)	6956.52 (15/5)
Tokyo New SE (4/1/68)	576.45	581.58	581.76	581.16	603.92 (17/8)	485.79 (5/1/81)
NORWAY Oslo SE (1/1/72)	128.36	128.36	129.00	128.90	145.72 (6/8)	110.54 (5/8)
SINGAPORE Straits Times (1966)	785.17	800.55	800.27	775.75	973.28 (28/8)	775.75 (28/1/82)
SOUTH AFRICA Gold (1958)	(u)	558.2	551.8	545.4	787.6 (7/1/81)	475.5 (5/7)
Industrial (1958)	(u)	706.7	708.3	705.8	711.7 (8/1/82)	537.2 (5/2)
SPAIN Madrid SE (30/12/81)	104.13	(c)	104.24	105.06	105.29 (21/1/82)	99.17 (6/1/82)
SWEDEN Jacobson & P. (1/1/58)	602.10	604.94	614.40	613.25	690.51 (10/8)	404.17 (29/1/81)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	249.2	248.6	255.2	251.1	304.2 (2/4)	242.9 (17/11)
WORLD Capital Intl. (1/1/70)	—	141.3	144.8	142.4	162.8 (6/1/81)	133.8 (29/9)

(**) Sat Jan 30: Japan Dow 7939.83 TSE 582.62.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluded bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Brunswick	1,008,100	26¾	−¼
Am. Tel. & Tel.	690,700	59⅛	−⅞
IBM	684,900	62½	−1⅛
Exxon	637,100	30⅛	−½
Marshall Field	605,900	21	+1⅛
RCA	551,300	17⅝	+¼
Texaco	500,000	31	−½
Mobil	477,300	23¼	−⅛
Std. Oil Indiana	464,100	44½	−1⅛
Utd. Telecomm.	417,800	19⅞	−⅛

COMMODITIES AND AGRICULTURE

Reserves of grain 'safe' in 1982

By Our Commodities Staff

ROME—World cereal stocks at the end of crop seasons finishing in 1982 will be higher than last year and at a level considered "safe" by the UN Food and Agriculture Organisation (FAO), the agency said here yesterday, reports Reuter.

Global carry-over stocks, which have been reduced over the past two years, are now expected to increase to 268m tonnes at the end of 1981-82 crop seasons, the FAO's latest food outlook publication said.

This will be equivalent to 18 per cent of consumption which the FAO considers the minimum required to protect the world population against sudden food shortages.

Most of the expected rise will be in holdings of coarse grains in the main exporting countries, particularly the U.S. But because of poor grain crops in the Soviet Union, stocks there are expected to remain unchanged at a low level.

The FAO predictions of carry-over stocks are widely regarded as a guide to whether world food production is keeping pace with growing demand.

Food Outlook said 1981-82 end-of-season cereal stocks would be 42m tonnes, or 19 per cent above their opening level, and 18m tonnes more than the previous FAO forecast a month ago.

The sharp upward revision reflected latest U.S. statistics on cereal production, domestic use and exports.

World stocks of wheat at the end of 1981-82 seasons are now forecast to rise by nearly 4m tonnes to 98m tonnes. The global carryover stocks of rice should increase about 3m tonnes to a record 45m tonnes.

Coarse grains will total a record 125m tonnes, 36m tonnes more than last year and 11m tonnes more than the previous peak in 1978-79.

The recent snow and cold weather did relatively little damage to Britain's cereals and rape seed crops, according to the Home Grown Cereals Authority.

In its latest Weekly Digest the HGCA said winter wheat had generally emerged looking green and vigorous. Because of difficult autumn conditions and late lifting of potatoes and sugar beet, a considerable acreage was not through the ground before the snowfalls, but it is not thought to have suffered any harm.

New bid to end Tara strike

BY JOHN EDWARDS, COMMODITIES EDITOR

HOPES OF an end to the seven-month old strike at Tara lead and zinc mine in Navan, Ireland, were raised yesterday when the Irish Labour Court recommended an increase in bonus payments paid to the workers. The court said bonus payments ranging from I£17 to I£45 a week should be paid to the 170 craftsmen on strike since July.

Previous bonus payments were between I£13 to I£18. Bonus payments have been a key issue in the dispute.

However, the stoppage has now lasted for so long that smelters have learned to live without concentrates from Tara, who previously were a big supplier to the European market.

Indeed recently smelters cut back production of zinc metal as a result of poor demand undermining prices.

However the zinc market has firmed up considerably recently, with the cash price on the Metal Exchange gaining over £40 in the past fortnight. A further fillip yesterday was new that a leading U.S. producer, Asarco, had decided to lift its domestic zinc price by 1 cent to 43.5 cents a pound. As a result, cash zinc closed slightly higher, in spite of fall in lead and lacklustre performance in copper and other metals.

Tin prices barely responded to the announcement by the LME committee imposing a maximum limit of £120 a tonne on the premium that can be demanded for selling cash tin for delivery the following day.

After consultations with the dealers acting on behalf of the influential group that has dominated the market since July, and pushed tin prices to record levels, the Committee was confident that trading would continue in an orderly fashion.

Meanwhile Reuter reported from New York that one metal company is believed to be keeping a substantial quantity of Malaysian origin metal in a local warehouse.

New York traders said they suspect about 4,000 tonnes of tin, roughly equivalent to 10 per cent of 1981 estimated U.S. tin consumption, may have been shipped to the U.S. by way of Europe to foster the impression of a shortfall there by a major supporter of LME tin values.

Farmland values improve

PRICES FOR agricultural land in England and Wales continued to recover in the final quarter of last year. The average price, weighted to take account of area and size group variations, in the October-December period was £4,082 a hectare, the Ministry of Agriculture announced yesterday. This compared with £4,044 in the September-November period and was the highest figure since April-June 1980. It represented a £500 a hectare rise from the low point reached in the spring.

The unweighted average price was down slightly to £4,128 a hectare but the land price index rose from 208 to 210 (1973=100).

Italian farmers urge ban on French products

ROME—The Confederation of Italian Farmers (Confcoltivatori) yesterday urged a blockade on imports of French milk and cheese in "retaliation" for the latest French restrictions on imports of Italian wine.

In a protest note addressed to the Italian Government the confederation said: "It is time to take action." The note added: "It is illusory to expect a solution from the EEC."

However, the Italian Government seemed to be seeking an EEC mediation in the case. The Italian Government said it asked the EEC Commission to prevent restrictions by the French side in contrast with free circulation and marketing of goods provided by the Treaty of Rome.

AP-Dow Jones

Potato futures trading rises

By Our Commodities Staff

JANUARY TRADING on the London Potato Futures Market totalled 11,406 lots of 40 tonnes each, the second highest since the market commenced trading in July 1980, the London Potato Futures Association announced yesterday.

This took the cumulative total for the first seven months of the market's second year to 68,053 lots, up from 26,086 lots in the whole of the first year.

The association pointed out meanwhile that the first new trading position quoted under its extended format announced this week will be May 1983, not May 1982 as reported earlier.

EEC beet stockpile below expectations

BY OUR COMMODITIES STAFF

EEC SUGAR producers have agreed to stock 992,000 tonnes of "C" or non-quota, sugar in the 1981/82 season.

Growers had until the end of January to decide what amounts they would hold back. Initially it was predicted they would stock 1.3m tonnes, leaving the Commission to set aside the remainder to reach its 2m tonnes stockpile target from "A" and "B" quota sugar. The shortfall in "C" quota sugar held back inevitably raises a question on whether the EEC will be able to reach the 2m tonnes target of sugar held back to avoid depressing the world market.

But the news had little impact on prices. Dealers said the set-aside level was not much different from the levels predicted in earlier unofficial reports from Brussels. On the London futures market the May position ended the day £1.525 higher at £180.65 a tonne.

Jamaica has been granted an extension of its contract under the sugar protocol of the Lomé Convention, to allow it to supply the EEC with the remaining 15,700 tonnes for the 1980-81 delivery period, writes Canute James in Kingston.

The island has an annual quota for 118,300 tonnes of raws but could not meet this quota during the stipulated delivery period. The industry was affected by strikes and falling production.

The Jamaican Government requested an extension of the delivery period, and this was accepted by the EEC Commission, which said the island can supply the shortfall in a nine-month period beginning last July 1.

MARKET PROFILE: TEA

Tight supply heralds higher prices

BY ROY HODSON

THE SMALLEST quantity of tea anyone can remember being offered in the weekly London tea auctions was sold on Monday. This could be considered as the latest and most important in a series of signs that traders and tea distributors are preparing for a period of rising tea prices during the next three months.

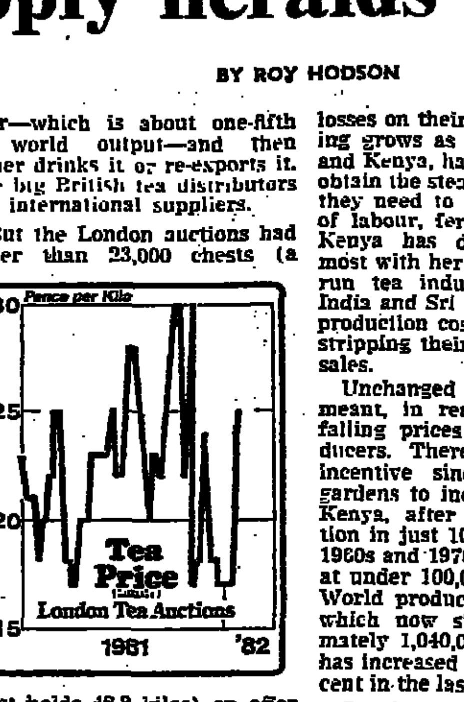
Average prices have been rising by only a penny or two a week a kilo so far, but the demand is reported to be strong and the trend is expected to accelerate. Tea drinkers will soon find themselves paying more should strong wholesale prices increases persist.

The cost of packaged tea on the shelves of grocers and supermarkets will be affected quickly, for more than half the retail price of a packet of tea is accounted for by the cost of the tea itself.

Tea prices in the London auctions have been on a plateau since 1977 and usually within a range of 70p a kilo for cheap tea up to 120p a kilo for the best qualities. Pressures for higher prices have been building up for more than four years and are now starting to have a fundamental influence upon tea trading. Tea is destined to become more expensive.

In London the volume of tea available for trading has fallen away sharply in the last few months creating a tighter market. Britain buys and processes 200,000 tonnes of black tea a year—which is about one-fifth of world output—and then either drinks it or re-exports it. The big British tea distributors are international suppliers.

But the London auctions had fewer than 23,000 chests (a chest holds 49.3 kilos) on offer this week. That should be compared with average weekly trading levels of 50,000 chests being achieved a year ago. Meanwhile, stocks of unsold tea in London awaiting auction have fallen to very low levels. There are only 77,760 chests for sale at the moment compared with nearly 400,000 chests just a year ago.



Tea prices have stubbornly refused to rise on the open market during the last few years. Some tea producing countries have been forced to take heavy losses on their crops. Such leading growers as India, Sri Lanka, and Kenya, have been unable to obtain the steady price increases they need to offset rising costs of labour, fertilisers, and fuel. Kenya has done better than most with her modern and well-run tea industry. However, India and Sri Lanka have found production costs sometimes outstripping their income from tea sales.

Unchanged tea prices have meant, in real terms, steadily falling prices for the tea producers. There has not been any incentive since 1977 for tea gardens to increase production. Kenya, after doubling production in just 10 years during the 1960s and 1970s, has levelled off at under 100,000 tonnes a year. World production of black tea, which now stands at approximately 1,040,000 tonnes a year, has increased by less than 1 per cent in the last four year period.

Supply and demand in the world tea trade will be roughly in balance this year, while stocks held by traders and processors will be at the lowest levels for years because of the high cost of borrowing. Even without other influences that state of affairs is reckoned to be enough to send tea prices climbing.

Another sign of tighter supplies and dearer tea is the way in which the cheaper teas are now gaining in price more quickly that the best qualities. That is just what might be expected in such an unstable market situation.

As the gap between the prices of the cheap and expensive tea qualities tends to close, the distributors of packaged tea will have to look at the prices of their blends. Whatever adjustments they may make will, in turn, have a ratchet effect upon tea prices generally.

When the leading tea producers (this year including China) meet in New Delhi this month at an UNCTAD-sponsored conference, the agenda will be headed by a new move to agree upon a basic quota system for the world tea trade as a means of supporting prices.

No effective quota system has been operated since the 1930s.

If broad agreement can be reached in Delhi (and Kenya can be expected to be a reluctant partner because she has found trade expansion in her interests so far) the proposed quota system will be developed at a meeting in Geneva in May to be attended by both producers and consumers.

However, the desire of the producers to include within any tea agreement a world buffer stock will get short shrift from the British tea companies. They are appalled at the idea of world markets being distorted by the periodic release of quantities of rather stale tea from an international stockpile. "You would have a circulating but deteriorating commodity" said one buyer.

Britain backed on milk tax stand

BY RICHARD MOONEY

MR PETER WALKER yesterday launched a strong attack on the French government for suggesting that Britain was alone in its opposition to an EEC dairy tax proposal which would discriminate against large producers.

A communiqué issued following a French cabinet meeting last week said Britain was the only EEC member state to oppose plans to exempt farmers producing less than 30,000 kilos of milk a year from the milk co-responsibility levy. The EEC Commission has proposed that this levy be increased from 2 per cent to 2.5 per cent this year to help pay for the disposal of surplus dairy production.

On hearing of this Mr Walker contacted the Dutch and Danish farm ministers to ask them to confirm their opposition to this proposal which they voiced at a recent meeting in Brussels. This they both did.

"I am very concerned," commented Mr Walker, "that an inaccurate statement has been issued in Paris following the meeting in Brussels."

Mr Bjorn Westh, Denmark's Agriculture Minister, told British journalists last week that he supported Mr Walker's stand against EEC milk levy proposals. "If there is to be a co-responsibility levy it should be general," he said. "We should not disturb efficient milk production," he added.

Meanwhile the 13p a lb UK consumer butter subsidy, which is under threat in Brussels talks, was strongly defended by the UK Provision Trade Federation. Far from abandoning or cutting the subsidy, the UKPTF said, the EEC Commission should raise it, to keep British butter prices stable, and extend it to other member states.

"It would be unwise to allow retail prices to rise on a commodity such as butter where consumption could be severely curtailed," the Federation said. It warned that this could lead to a quick build up of surpluses which would be very costly to dispose of.

Wholesale and retail margins on butter, which are already squeezed, would be put under further pressure and distributors might decide, if volume sales fell further, that they could earn more money by promoting alternative yellow fats with large volume sales, it said. "Butter prices would rise still further and consumption would fall to an even lower level," it warned.

Figures quoted by the UKPTF show that with butter prices rising 39 per cent since 1978, against 15 per cent for margarine, consumption has fallen 28 per cent and its share of the yellow fats market has declined from 57 per cent to 37 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

THE LONDON Metal Exchange's moves on Tin trading had little effect on the market, although prices were perhaps a little more stable than in recent weeks. Forward material closed at £7,980, with cash at £8,610. The other metals had a quiet day, with Copper finally £891, Lead £356, Zinc £464.5, Aluminium £619 and Nickel £3,155, the last-named after good buying in the afternoon.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Higher Grade				
Cash	862-3	−1.25	864-.5	+.75
3 mths	892-.5	−.5	895-.5	+3.5
Settlem't	863	−1	—	......
Cathodes				
Cash	861-2	+1.5	862-4	+2.5
3 months	888.5-9	+1.25	888-9	......
Settlem't	862	+1	—	......
U.S. Prod	—	......	*76.5-80	......

Amalgamated Metal Trading reported that in the morning high grade cash copper traded at £865.00, 63.00, 62.00. Three months £895.00, 94.00, 93.50, 93.00, 92.50. Kerb: Higher Grade, three months £893.00, 92.50, 92.00, 91.50, 92.00, 92.50. Afternoon: Higher Grade, cash £864.50, three months £897.00, 96.50, 97.00, 97.50, 97.00, 96.50, 97.00, 96.00, 95.00. Kerb: Higher Grade, three months £895.00, 94.50, 94.00, 93.50, 93.00, 92.50, 92.00, 91.00, 91.50, 91.00, 90.00, 90.50. Turnover: 36,150 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8540-60	−50	8600-10	+7.5
3 months	7980-90	−50	7970-5	−42.5
Settlem't	8560	−50	—	......
Standard				
Cash	8540-50	−50	8500-10	+7.5
3 months	7950-60	−50	7970-5	−22.5
Settlem't	8550	−50	—	......
Straits E.	$34.80	−20	—	......
New York	—			

Tin—Morning: Standard cash £8,550. Three months £7,980, 50, 60. High Grade, three months £7,990. Kerb: Standard cash £8,560, 70, three months £7,960, 70. Afternoon: Standard cash £8,580, 70, 80, 8,610, three months £7,870, 80, 70. Kerb: Standard three months £7,970, 80. Turnover: 6,235 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344.5-5	−11.5	347-8	−6.25
3 months	355-.5	−10.5	359-60	−4
Settlem't	345	−11.5	—	......
U.S. Spot	—	......	*28-34	......

Lead—Morning: Cash £345.50. Three months £359.00, 60.00, 59.00, 58.00, 59.00, 58.50, 58.00, 57.00, 56.50, 56.00, 55.50, 55.00, 55.50. Kerb: Three months £356.00, 57.00, 56.50, 56.00, 55.00, 55.50. Afternoon: Cash £345.50, 51.00. Three months £356.00, 55.00, 45.00, 56.00, 56.00, 55.50, 56.00, 57.00, 56.50, 57.00, 58.00, 60.00, 61.00, 62.00, 61.00, 60.50, 60.00, 59.00. Kerb: Three months £359.00, 58.00, 57.00, 57.50, 57.00, 56.50, 56.00. Turnover: 18,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	448.5-9	−7	457-8	+1
3 months	455.5-6	−5.5	464-5	+2.25
S'ment	449	−6	—	......
Primw'ts	—	......	*42-50	......

Zinc—Morning: Cash £450.00, 48.00, 48.50. Three months £457.00, 56.00, 56.50, 56.00, 55.50, 55.00, 56.00, 55.50. Kerb: Three months £456.00, 55.50, 56.00. Afternoon: Three months £458.00, 60.00, 62.00, 61.00, 62.00, 62.00, 64.00, 63.00, 62.00, 63.00, 64.00. Kerb: Three months £463.00, 62.00, 61.00, 60.00, 62.00, 64.00. Turnover: 12,950 tonnes.

Aluminium—Morning: Three months £622.50, 22.00, 22.50, 23.00, 22.50. Kerb: Three months £622.50, 22.00. Afternoon: Three months £622.00, 21.50, 21.00, 20.00, 19.50. Kerb: Three months £619.00. Turnover: 5,225 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	598-9	+.5	595-7	−1
3 months	622-.5	+.25	619-20	+.25

Nickel—Morning: Three months £3,120, 25. Afternoon: Three months £3,12.50, 25, 50, 55, 60, 58. Kerb: Three months £3,160, 55, 45, 50, 55. Turnover: 948 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3070-80	+12.5	3110-20	+58
3 months	3120-5	+10	3155-8	+45.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 0.05p an ounce lower for spot delivery in the London bullion market yesterday at 434.45p. U.S. cent equivalents of the fixing levels were: spot 805.0c, down 7c; three-month 836c, down 4.5c; six-month 856.8c, down 4.5c; and 12-month 927.7c, down 3.5c. The metal opened at 431-435p (801-806c) and closed at 439-443p (820-825c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	434.45p	−0.05	437.5p	+7.5
3 months	449.45p	+0.45	453.25p	+7.5
6 months	464.05p	+0.25	—	......
12 months	494.25p	+0.45	—	......

LME—Turnover 88 (121) lots of 10,000 ozs. Morning: Three months 449.5, 50.5, 50.0, 50.2. Kerb: Three months 450.5, 51.0. Afternoon: Three months 454.0, 54.5, 54.0, 53.0. Kerb: Three months 452.2, 52.0, 51.5, 51.0, 50.0.

COCOA

Futures initially steadied as short-covering and some off-take among consumers re-appeared after the sharp decline in recent days, but eased during late dealings as a lack of follow-through encouraged jobbers to take profits, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1154-57	−1.0	1174-54
May	1143-44	+2.0	1159-41
July	1154-55	+2.0	1170-54
Sept	1164-65	+3.0	1177-69
Dec	1185-87	+1.5	1195-84
March	1201-03	+1.0	1205-02
May	1208-13	+1.5	1215

Sales: 3,202 (4,890) lots of 10 tonnes.

ICCO—Daily price fob Feb 2: 92.78 (92.90). Indicator price for Feb 3: 95.41 (96.36) U.S. cents per pound.

COFFEE

A marginally higher opening attracted early dealer support, reports Drexel Burnham Lambert. Additional buying from commission houses triggered stop-loss orders and established fresh uptrends in active conditions. The sharp advance was met by scale-up trade selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1230-31	+13.5	1256-15
May	1182-84	+9.0	1208-75
July	1154-55	+8.5	1170-47
Sept	1144-46	+6.5	1162-40
Nov	1137-38	+5.0	1154-38
January	1126-35	+5.0	1150
March	1116-30	+3.5	—

Sales: 5,730 (4,860) lots of 5 tonnes.

ICO indicator prices for February 1 (U.S. cents per pound): Comp. daily 1979 129.04 (128.53); 15-day average 124.50 (124.20).

COTTON

LIVERPOOL—No spot or shipment sales were registered, leaving the total for the week so far at nil tonnes. Buyers remained cautious, and with various economic problems to be faced, the offtake was exceedingly narrow.

Even interest in specific growths was no more than patchy.

GAS OIL FUTURES

In line with physical prices, the market opened up to $5.00 lower and traded nervously throughout the day. The market picked up before drifting to close near the lows, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
February	274.00	−4.00	275.50-72.50
March	271.50	−4.25	274.50-70.00
April	267.25	−4.00	270.00-67.00
May	267.75	−3.50	269.25-66.00
June	267.50	−3.75	269.50-67.50
July	269.00	−4.50	271.00-69.50
August	275.00	−1.25	—
Sept	277.00	−2.75	277.00
Oct	277.00	−9.00	277.00

Turnover: 2,649 (2,278) lots of 100 tonnes.

GRAINS

The market opened unchanged apart from old crop barley which was 10p up. March and May saw steady commercial buying, while lack of interest on new crops saw them ease slightly, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar	111.70	+0.15	108.45	+0.15
May	115.45	+0.15	111.70	+0.16
July	118.90	+0.35	—	......
Sept	106.75	−0.05	102.25	−0.10
Nov	110.35	−0.05	106.15	−0.65
Jan	114.30	—	110.10	−0.10

Business done—Wheat: March 111.75-111.65, May 115.50-115.40, July 118.95-118.90, Sept no trades, Nov 110.35 only, Jan no trades. Sales: 161 lots of 100 tonnes. Barley: March 108.50-108.40, May 111.75-111.65, Sept 102.30-102.25, Nov 106.15 only, Jan no trades. Sales: 116 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: Feb 122.10, March 124.00 transhipment East Coast sellers. U.S. Hard Winter, 13½ per cent: mid-Feb/mid-March 118.20 transhipment East Coast sellers. English Feed, fob: Feb 113 paid East Coast. Maize: French: 1st half Feb 133.25, 2nd half Feb 134.00 transhipment East Coast sellers. South African Yellow: March 78.50 quoted. Barley: English Feed, fob: Feb 112.50, April/June 115.50 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 107.00, S. West 107.30, W. Mids 106.50, N. West 108.20. The UK Monetary Co-efficient for the week beginning Monday February 8 (based on HGCA calculations using five days exchange rates) is expected to change to 0.905.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed neglected. Lewis and Peat recorded a February fob price for No 1 RS in Kuala Lumpur of 206.0 (207.5) cents a kg and SMR 20 181.0 (182.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Mar	55.50-55.80	51.20-51.60	51.20
April	51.00-51.70	52.00-52.80	—
Apl-Jne	52.20-52.50	53.10-53.20	52.80-52.10
Jly-Sept	55.50-55.90	56.40-56.60	56.60-55.50
Oct-Dec	58.90-59.00	59.70-59.80	59.20-59.00
Jan-Mar	62.20-62.50	62.80-62.90	62.20-62.00
Apl-Jne	65.20-65.30	65.80-65.90	—
Jly-Sept	68.30-68.40	68.80-69.00	68.40-68.20
Oct-Dec	71.30-71.40	71.90-72.00	71.50-71.00

Sales: 432 (161) lots of 15 tonnes, 2 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 49.50p (50.50p); March 50.25p (51.25p); April 50.75p (51.75p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 369, 377, nil; May 378, 382, 379-377; Aug 391, 393, 391-389; Oct 392, 394, 393-391; Dec 396, 399, 399-396; Jan 401, 402, 402-400; March 410, 413, 411-410; May 420, 422, nil; Aug 430, 432, nil. Sales: 48.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 505.5, 506.0, 507.0-506.0; May 515.5, 516.0, 521.0-516.0; July 522.0, 522.5, 525.0-522.5; Oct 520.0, 520.5, 522.5-520.0; Dec 524.0, 524.5, 526.0-524.5; March 529.5, 530.0, 530.0-529.7; May 534.5, 535.0, 535.0-534.0; July 538.5, 540.0, 439.0. Sales: 178.

SOYABEAN MEAL

The market opened about £1.00 higher on weaker sterling, reports T. G. Roddick. Prices eased on improved Brazilian weather.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	128.00-44.0	+5.50	—
April	133.50-33.9	+0.25	134.50-34.00
June	133.60-34.0	+0.40	134.50-33.90
August	135.60-34.5	+0.45	134.20-34.00
October	135.50-37.0	+0.75	—
Dec	134.00-38.5	+0.50	—
Feb	136.50-40.0	+0.75	—

Sales: 56 (90) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £173.00 (£171.00) a tonne cif Feb-Mar shipment. White sugar daily price £178.50 (£175.00).

Prices traded in a very narrow range throughout the day, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
March	178.65-78.70	176.25-76.35	179.30-78.00
May	180.60-80.70	179.05-79.20	182.00-79.90
Aug	183.75-83.90	182.00-82.25	184.50-83.00
Oct	186.75-86.90	184.75-85.00	187.00-86.00
Jan	187.75-88.90	186.00-86.75	—
March	193.00-93.25	190.50-91.00	192.25
May	195.00-96.20	193.00-94.00	—

Sales: 3,947 (4,041) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £283.50 (£281.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 1: Daily price 13.31 (13.28); 15-day average 13.06 (13.01).

POTATOES

LONDON POTATO FUTURES—The market was uncertain with better volume, reports Coley and Harper. Closing prices: Feb 9.50 −1.50 (high 99.50, low 95.00); April 126.20, −0.30 (high 126.80, low 24.40); Nov 69.10, +0.10 (high, 69.10, low 69.00). Turnover: 802 (647) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 83.0 to 89.0; Ulster hindquarters 90.0 to 98.9. Veal: English fats 74.8 to 87.0; Dutch hinds and ends 119.0 to 126.0. Lamb: English small 80.0 to 90.0, medium 84.0 to 86.0, heavy 82.0 to 86.0; Imported—New Zealand PL 70.0 to 71.0, YLs 68.0 to 69.0. Pork: English, under 100 lb 44.0 to 56.0, 100-120 lb 45.0 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.78p per kg lw (+0.66). UK—Sheep 198.80p per kg est dcw (+6.07). GB—Pigs 76.25p per kg lw (−0.46).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels/Navelines 42/130 4.20-5.00; Jaffa: Navels 60/105 4.00-4.35, Shamouti 60/168 4.70-5.80; Moroccan: Navels 56/113 3.60-4.50. Sevilles—Spania: 7.00-7.50. Clementines—Spania: 4.80-5.80; Moroccan: 1/6 4.00-5.50. Satsumas—Spania: 3.80-4.20. Minneolas—Jaffa: 60/81 5.70-6.10; Cyprus: 53/72 6.00. Lemons—Cyprus: 3.20-5.50; Greek: 5.00-6.00; Turkish: 4.00-5.00; Spania: 40/50 2.40-2.50; Italian: 80/120 5.50; Jaffa: 45/50 2.50. Grapefruit—U.S.: Pink 32/48 5.50-6.00; Cyprus: Large cartons 3.00-4.00, small cartons 2.50-3.20; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20-lb 3.00-4.00, 40-lb 6.00-7.80, Stark Crimson 40-lb 6.50-7.50, 20-lb 3.40-3.80, Granny Smith 8.50-10.00; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 10.00-14.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 14-lb, per pound 0.20; Italian: Per pound Passacrassana 0.15-0.17. Peaches—S. African: 3.00-4.00; Chilean: 6.00. Nectarines—Chilean: 8.00-9.00; S. African: 3.00-4.00. Plums—S. African: Santa Rosa, per pound 0.30-0.50, Eldorado 0.30-0.50, Wicksons 0.35-0.55, Harry Pickstone 0.35-0.55, Gaviota 0.35-0.55. Apricots—S. African: 11-lb per pound 0.30-0.50. Grapes—Spanish: Almeria 11-lb 2.40-2.60, Negra 4.00-5.00; Brazilian: 10-lb Italia 8.00, Red Emperor 11.00, Perlette and Thompson 10.00-11.00; S. African: Thompson 9-lb 8.50-9.00, Alphonse Lavallee 12.00, Sultana 11.00, Queen of the Vineyard 6.50; Chilean: Seedless, per box 10.00-11.00; U.S.: Red Emperor 0.50-0.60. Strawberries—U.S.: 0.50-1.00; Israeli: 0.50-0.60. Litchees—S. African: Per pound 1.00. Melons—Spanish: Green 10-kg 5.00-8.00, 15-kg A1 14.00-15.00; Brazilian: Yellow 6.50-7.00. Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: Per pound 0.19. Avocados—U.S.: Large box 4.00; Israeli: 3.50-4.20; Canary: 3.00-4.00. Mangoes—Kenyan: 8/16 6.00-6.50; Brazilian: 5.00-7.50. Dates—Tunisian: 20s 0.45-0.50; U.S.: 0.42-0.43. Tomatoes—Canary: 3.50-4.40. Onions—Spanish: Grano 3/5 3.50-4.20. Capsicums—Spanish: 2.50-3.00. Red 4.00; Israeli: Red 6.00, Green 4.60; Canary: Red 3.50-5.00, Green 3.00-3.50. Cabbages—Dutch: White 4.50, Red 3.80-4.50. Cauliflowers—Jersey: 24s 4.50-5.00; French: 24s 4.00-4.50. Celery—Spanish: 3.00-3.60; Israeli: 3.30-4.20. Carrots—Dutch: 22-lb 2.80, pre-packed 3.50; Italian: Per pound 0.10. Lettuce—Dutch: 24s 2.80-3.30, 12s 2.20. Cucumbers—Canary: 4.00-4.20; Greek: 3.50. Chicory—Belgian: 3-kilos 2.20-2.50. Endive—French: 5.00. New Potatoes—Canary: 28-lb ware 4.50-5.00, mids 5.00, 55lb mids 8.80, ware 8.00; Cyprus: Bags 5.20-6.20; Italian: Per pound 0.18-0.19. Aubergines—Canary: 4.00; Israeli: 6.50; U.S.: 10.00; Kenyan: 3.50-4.00. Fennel—Italian: 3.50-4.00. Artichokes—Egyptian: 6.50-7.00. Asparagus—U.S.: Per pound 2.00-3.00.

English Produce: Potatoes—Per 55-lb, White 2.60-3.20, Red 2.80-3.00, King Edwards 2.80-4.20. Mushrooms—Per pound, open 0.30-0.40, closed 0.50-0.60. Apples—Per pound, Bramley 0.18-0.28, Cox's 0.20-0.30, Spartan's 0.20-0.25. Pears—Per pound Conference 0.14-0.20, Comice 0.18-0.25. Cabbages—Per 30-lb bag, Celtic/Jan King 2.00-3.00. Lettuce—Per 12, round 1.20-2.00. Onions—Per 55-lb 40/80mm 2.00-3.00. Carrots—Per 26/28-lb 1.00-1.80. Beetroots—Per 28-lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 1.00-1.30. Sprouts—Per 20-lb 2.00-3.00. Spring Greens—Per 35/40-lb Cornish 8.00-9.00, Kent 30-lb 3.00-4.00. Rhubarb—Per 14-lb, per pound 0.28. Leeks—Per 10-lb 1.00-1.50. Parsnips—Per 26/28-lb 1.00-2.00. Turnips—Per 26/28-lb 1.00-2.00.

*

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £3.20-£4.60. Large haddock £4.70-£5.10, medium £3.60-£4.30, small £2.00-£2.60. Best small plaice £3.20. Skined dogfish, medium, £2.00-£2.80. Lemon soles, large, £14.00; medium, £13.00. Saithe £2.20-£2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 1 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$1110/1140	....	$1120/140
Copper			
Cash h grade	£864.25	+0.75	£958.5
3 mths	£895.25	+3.5	£887.5
Cash Cathode	£863	+2.5	£856
3 mths	£888.5	....	£883.5
Gold troy oz	$380.5	+1.5	$495.5
Lead Cash	£347.5	−6.25	£356
3 mths	£359.5	−4	£370.75
Nickel	£4771.7	....	£4751.75
Free mkt	260/295c	....	255/90c
Platin'intr oz'y	£260	....	£260
Freemkt.	£193.35	+0.9	£201.30
Quicksilver†	$360/370	....	$410/415
Silver troy oz	434.45p	−0.05	425.40p
3 mths	449.45p	+0.45	441.50p
Tin Cash	£8605	+7.5	£8300.5
3 mths	£7972.5	−22.5	£7885
Tungsten22.0lb	$126.54	−0.06	$127.40
Wolfrm 22.04lbs	$127/130	−1	$120/125
Zinc Cash	£457.5	+1	£454.5
3 mths	£464.5	+2.25	£467.75
Producers	$875/950	....	$920/50
Oils			
Coconut (Phil)	$547.5w	....	$542.5
Groundnut	‡	....	‡
Linseed Crude	‡	....	‡
Palm Malayan	$535v	+2.5	$490
Seeds			
Copra Philip	$350	....	$345
Soyabean (U.S.)	$270.5	+2	$255
Grains			
Barley Fut. May	£111.70	+0.18	£107.70
Maize	£133.25	−1.25	£132.5
Wheat Fut. May	£115.45	+0.15	£112.20
No.2 Hard Wint	£113.20w	−1.25	‡
Other commodities			
Cocoa ship't*	£1207	....	£1259
Future May	£1143.5	+2	£1207
Coffee Ft' May	£1183	+6	£1147.5
Cotton A.Index	70.90c	−0.15	68.75c
Gas Oil Mar.	$271.5	−4.25	$321.25
Rubber (kilo)	49.5p	−1	49p
Sugar (Raw)	£173w	+2	£159
Woolt'ps 64s kl.	380p kilo	....	377pkilo

‡ Unquoted. v April. w Feb-March. x March. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, February 2.

Copper—Feb 72.15 (72.90), March 72.90-73.05 (73.70), April 73.95, May 74.90-75.00, July 76.75, Sept 78.70, Dec 81.20, Jan 82.25, March 84.10, May 84.10, May 85.90, July 87.70, Sept 89.50, Dec 92.20.

Potatoes (round whites)—March 83.5 (83.0), April 88.9-89.2 (88.3), Nov 79.9, Feb 85.2. Sales: 517.

Sugar—March 13.85-13.72 (13.68), May 13.80-13.82 (13.83), July 13.95, Sept 14.14, Oct 14.32-14.34, Jan 14.33, March 14.94, May 15.00-15.10, July 15.10-15.35. Sales: 5,950.

Tin—717.00-740.00 (same).

CHICAGO, February 2.

Lard—Chicago loose 22.25 (same).

Live Cattle—Feb 63.02-63.10 (62.50), April 62.10-62.0 (61.92), June 61.95-62.05, Aug 60.52-60.70, Oct 59.10, Dec 60.00.

Live Hogs—Feb 50.75 (50.70), April 48.67 (48.82), June 51.75, July 52.55, Aug 51.65, Oct 48.97, Dec 50.10, Feb 48.90.

‡‡Maize—March 275½-275¾ (277¼), May 287½-287¼ (289¾), July 298½-298¼, Sept 300½-300¼, Dec 307-308½, March 318¾.

Pork Bellies—Feb 70.80-71.40 (70.25), March 71.10-71.80 (70.80), May 72.50-72.70, July 73.45-73.05, Aug 71.97-71.90.

†Soyabeans—March 653-652 (661), May 672-671 (678¼), July 688-688½, Aug 692-692½, Sept 692, Nov 697½-698½, Jan 711-711½, March 726½.

‖Soyabean Meal—March 191.1-191.3 (194.0), May 194.3-194.1 (197.0), July 198.0-198.1, Aug 199.0, Sept 200.0, Oct 200.5-201.0, Dec 202.5, Jan 202.5-203.0.

Soyabean Oil—March 20.18-20.19 (20.28), May 20.93-20.95 (20.99), July 21.55, Aug 21.85, Sept 22.15, Oct 22.35, Dec 22.65-22.70, Jan 22.85, March 23.00-23.05.

†Wheat—March 381¼-381¾ (381), May 396-395 (398¾), July 405½-406, Sept 420, Dec 440½, March 456-456½.

WINNIPEG, February 2.

§Barley—March 131.40 (131.00), May 132.40 (same), July 133.80, Oct 135.10, Dec 136.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 248.09 (247.89).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. ‡‡ $ per metric ton.

Monday's closing prices

‡‡Cocoa—Mar 1974 (1942), May 1929 (1968), July 1969, Sept 2010, Dec 2052, Mar 2087. Sales: 6,005.

Coffee—"C" Contract: Mar 148.50-148.80 (149.14), May 138.40-138.70 (137.88), July 133.25-133.40, Sept 130.25-130.50, Dec 127.10-127.50, Mar 124.50, May 120.00-123.50, July 118.00-122.00. Sales: 2,525.

Cotton—No. 2: Mar 65.35-65.44 (65.90), May 67.40 (67.82), July 69.30-69.35, Oct 71.60-71.65, Dec 72.70-72.75, Mar 74.00-74.20, May 75.10-75.50, July 75.75-76.50. Sales: 4,000.

Orange Juice—Mar 139.70-139.80 (142.75), May 143.15-143.35 (146.20), July 146.00-146.25, Sept 148.60-148.80, Nov 150.45-150.50, Jan 152.00, Mar 153.20-153.40, May 154.40-154.60. Sales: 1,600.

*Platinum—April 383.5-385.0 (368.2), July 373.0-373.5 (376.5), Oct 383.0-384.5, Jan 396.5-399.0. Sales: 1,511.

CHICAGO, February 1.

Chicago Imm Gold—Mar 384.5-384.9 (387.7), June 398.5-398.3 (400.5), Sept 412.4, Dec 427.0, Mar 442.0, June 457.2, Sept 472.6.

EUROPEAN MARKETS

ROTTERDAM, February 2.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Feb 25/March 16 200. U.S. No. 2 Red Winter: Feb 168, March 171. U.S. No. 3 Amber Durum: Feb 214, April/May 192, May 192, June 193. U.S. No. 2 Northern Spring, 14 per cent: Feb 207.50, March 209, April/May 190, June 190, July 190. Canadian Western Red Spring: April/May 216.

Maize—(U.S. $ per tonne): U.S. No 3 Corn, Yellow: Afloat 129, Feb 127.50, March 128, April/June 130.50, July/Sept 134, Oct/Dec 137 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Feb 264.50, March 265, April 269, May 271.50, June 274.75, July 276, Aug 277, Sept 277.50, Oct 276, Nov 276, Dec 280.75 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent protein: U.S. April/Sept 239 traded, Afloat 246, Jan 245, Feb 244, March 242.50, April/Sept 240, Nov/March 250 sellers. Brazil Pellets: Jan 266, Feb 266, March 257, April 252, April/Sept 251 sellers.

PARIS, February 2.

Cocoa—(FFr per 100 kilos): Mar 1203/1208, May 1274/1278, July 1280/1295, Sept 1310/1320, Dec 1335/1340, Mar 1345/1355, May 1350/1360. Sales at call: 6.

Sugar—(FFr per tonne): Mar 2005/2008, May 2044/2045, July 2050/2060, Aug 2100/2115, Oct 2105/2120, Nov 2105/2120, Dec 2110/2119, Mar 2150/2160. Sales at call: 19.

INDICES

FINANCIAL TIMES

Feb. 1	Jan. 29	Month ago	Year ago
250.79	252.94	249.09	252.34

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Feb. 1	Jan 29	Month ago	Year ago
Spot	130.40	128.93	126.18	—
Futr's	136.56	135.84	134.57	—

(Base: December 31, 1974=100)

MOODY'S

Feb. 1	Jan. 29	Month ago	Year ago
1011.5	1014.3	990.1	1181.2

(December 31, 1931=100)

REUTERS

Feb. 2	Feb. 1	M'nth ago	Year ago
1630.6	1629.8	1604.6	1678.5

(Base: September 18, 1931=100)

COMPANY NOTICES

JUGOBANKA UNITED BANK

FLOATING RATE NOTES DUE 1983

In accordance with the provisions of the Notes notice is hereby given that for the six month interest period February 3 to August 3, 1982 the Notes will carry an interest rate of 16⅝% per annum. The interest payable on the relevant interest payment date August 3, 1982 against Coupon No. 10 will be as follows:

Notes in denominations of U.S.$100,000 ...... [illegible]

Notes in denominations of U.S.$1,000 ...... [illegible]

By THE CHASE MANHATTAN BANK N.A., LONDON
Agent Bank
February 3, 1982

NACIONAL FINANCIERA

US$100,000,000 FLOATING RATE NOTES DUE 1986

For the six months January 27, 1982 to July 26, 1982 the rate of interest has been fixed at 16⅞% per annum.

The interest due July 27, 1982 against coupon no. 6 will be [illegible] and has been computed on the actual number of days elapsed (181) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15 Avenue E. Reuter
Luxembourg

LONDON STOCK EXCHANGE

Authorities' calm reaction to higher U.S. interest rates helps markets recover from pronounced early weakness

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	July 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

The debilitating effects of Monday's pronounced weakness on Wall Street and higher U.S. Prime rates which forced short-term European interest rates up yesterday made for a volatile session in London stock markets. Fears that the U.S. Federal Reserve would tighten credit in order to control excessive money expansion sent Gilt-edged securities and leading equities down sharply at the opening.

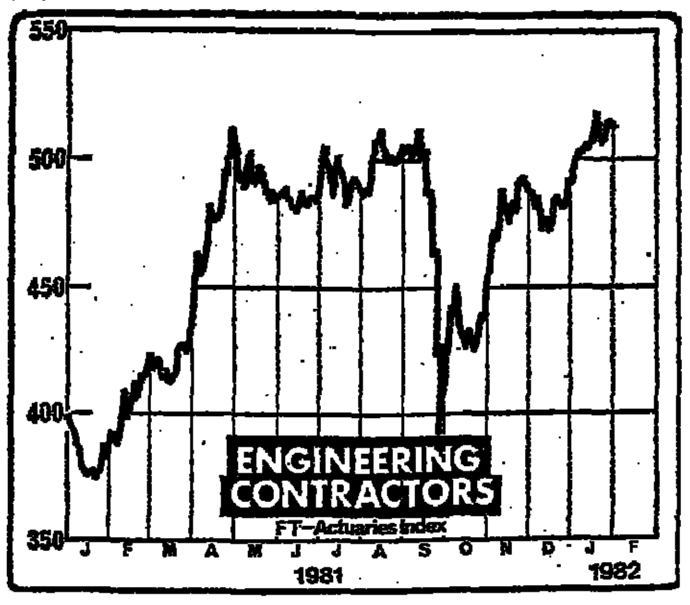
A certain amount of loose stock came on offer, but the selling was absorbed despite considerable uncertainty and markets began to recover. Extremely slow at first, the rallying movement later became quite spirited as overseas investors in Gilts became impressed by sterling's steady to firm performance against currencies as a whole and by the UK authorities' apparently relaxed attitude to U.S. developments; intervention rates in money markets were kept at Monday's slightly lower levels.

The rally eventually reached impressive standards with Gilt-edged quotations after-hours reverting to Monday's list levels; earlier, some longer-dated issues had shown fresh falls of nearly a point with the losses in the shorts extending to ⅞. Exchequer 15 per cent 1997 was quoted at 100⅞ late as against 99½ earlier, while the recently-exhausted short tap, Exchequer 14 per cent 1986 closed unchanged at 94⅞, after 94.

Leading shares were not outdone and the tone throughout was best measured by the FT Industrial Ordinary share index. Down 11.8 at the first calculation, the loss was gradually reduced at each subsequent count and, encouraged by New York's resilience early yesterday, went noticeably better after-hours to close only a point down on balance at 571.0. Most leaders recorded marginal changes, but ICI stood out following comment on the preliminary results due later this month; ICI transformed an early fall of 6 into a rise of that amount to close at 338p.

Guinness Peat down

Sporadic offerings ahead of the interim statement, due soon, left Guinness Peat 6 down at 74p. Elsewhere in Merchant Banks, Hambros shed 3 to 143p as did Hill Samuel, to 157p. Wintrust, still drawing strength from good first-half results, put on 3 afresh to 150p. Hire Purchases trended lower with Provident Financial closing 3 cheaper at 118p and Wagon Finance 2 easier at 44p; the latter's preliminary figures are due on Friday of next week. The major clearing banks retrieved early losses and closed with improvements ranging to 4. NatWest added that much to 426p, while Lloyds hardened a few pence to 465p, after 460p.



Insurances plotted an irregular course in thin trading. Commercial Union, annual results due on February 23, improved a few pence to 133p as did Royals, to 355p, but Eagle Star relinquished the turn to 339p.

Breweries were narrowly mixed. Allied-Lyons, down to 74p earlier, rallied to close a net penny to the good at 77p. Arthur Guinness, additionally bolstered by an investment recommendation, also added a penny, to 73p. Bass eased 2 to 212p, after 209p, while Grand Metropolitan shaded to 197p, having touched 192p during the morning.

After opening sharply lower in line with other equity sectors, leading Buildings turned better on the appearance of bargain hunters and closed virtually unchanged on the day, Blue Circle reverting to the overnight level of 546p after touching 535p and Redland settling just a penny cheaper on balance at 185p, after 182p. Secondary issues displayed a firm feature in IDC which gained 11 to 104p on better-than-expected preliminary results. Among Timbers, International closed 2 dearer at 92p, after 87p, but recently-firm Magnet and Southerns shed 6 to 150p.

Fisons again highlighted Chemicals, jumping 24 for a two-day gain of 60 to 242p on speculation that the company might attract a bid following the £50m cash sale of its fertiliser division to Norsk-Hydro, a point lower at £34½. ICI, marked down to 326p at the outset, rallied strongly to close a net 6 up at 338p.

Leading Stores made a good recovery from an initial wave of selling and, after a reasonable two-way business, losses were usually restricted to a couple of pence. Marks and Spencer, down to 139p earlier, rallied to close only 2 lower on balance at 141p, while Burton regained the overnight 149p, after 145p. Secondary counters, the subject of speculative activity recently, reacted to profit-taking. Cornell Dresses, 157p, and Polly Peck, 338p, gave up 8 and 12 respectively, while George Oliver "A" eased 5 to 123p. Among D-I-Y issues, falls of 4 were common to Harris Queensway, 136p, and Home Charm, 133p.

After an early sharp markdown, leading Electricals staged an impressive rally to close with modest gains on the day. Having fallen to 820p, GEC recovered to finish a net 4 dearer at 840p, while Thorn EMI closed a couple of pence better at 457p. Plessey closed unaltered at 370p, after 360p. Elsewhere, Unitech's 11 per cent interim dividend increase outweighed news of the reduced half-year earnings and the shares advanced 12 to 235p. Speculative buying in a thin market left Lec Refrigeration 8 higher at 220p. Dealings in Normand were suspended at 41p awaiting news of a possible bid. Amstrad fell 13 to 180p on nervous selling ahead of the interim results, due on Tuesday, while Eurotherm, a firm market of late following the excellent results, lost 10 to 312p due to profit-taking. Louis Newmark also finished 10 off, at 235p, and Rediffusion relinquished 8 to 190p.

In common with most other sectors, Engineerings rallied from lower opening levels on sporadic demand. Among the leaders, John Brown, down to 58p at one stage, recovered to close 1½ higher on balance at 63p, while GKN ended only a penny off at 179p, after 175p, and Hawker finished without alteration at 342p, after 336p. Elsewhere, Pegler-Hattersley touched 202p before settling with a fall of 6 on balance at 204p. GM Firth, a particularly good market of late, weakened 13 to 210p. United Engineering gave up 8 to 270p, while falls of around 5 were marked against Haden, 213p, Matthew Hall, 216p, and Martonair, 225p. C. and W. Walker fell 3 to 20p on news of the further losses incurred on the South Wales steel contract. Other smaller-priced issues to give ground included Howard Machinery, 2 lower at 23p, and Neepsend, 1½ down at 18p.

A neglected market since announcing uninspiring interim results, Associated Dairies were marked down to 136p initially but rallied strongly in a market short of stock to close a net 7 up at 145p. Elsewhere in Foods, Brooke Bond added a penny to 54p following the sale of the group's remaining European food manufacturing companies to BSN for £9m.

Reed dip and rally

Reed International's third-quarter profits were deemed slightly disappointing but the shares rallied from 270p to close only a couple of pence off on balance at 276p. Other miscellaneous industrial leaders also picked up after initial dullness. Bowater touched 220p before closing a couple of pence better on balance at 230p, while Glaxo ended unaltered at 478p, after 472p. Pilkington, however, lost 10 to 280p and Metal Box ended 6 off at 182p. Elsewhere, Cowan de Groot rose 4 to 35p as the maintained interim dividend cushioned details of the halved first-half profits. Prestige added a similar amount to 141p following trading news, while Metal Closures put on 7 to 122p following revived speculative support. Up 24 the previous day in response to the 125p cash per share offered by ICI, Arthur Holden hardened 2 more to 184p on counter-bid hopes. Still attracting support ahead of the preliminary statement, due next Wednesday, Securicor firmed 3 more to 205p and the A 8 further to 203p. Falls of around 10 were seen in Barget, 160p, Sale Tilney, 200p, and Sothebys, 337p, while Aeronautical and General declined 20 to 200p. Down 30 on Monday, De La Rue touched 690p before ending only a net 2 down at 705p.

Among Leisure issues, Zetters dropped to 76p before closing a net 5 down at 77p following the disappointing half-yearly results. Barr and Wallace Arnold Trust A, good of late on speculative interest, eased 4 to 66p.

A generally favourable Press on the proposed acquisition of Guy Butler from Sime Darby prompted further support of Mills and Allen, 10 dearer for a two-day gain of 28 at 518p. Sime eased a couple of pence to 70p.

Unsettled at first by U.S. interest rate trends, Properties picked up to close no worse than narrowly mixed. Land Securities finished a penny cheaper on balance at 303p, after 298p, while MEPC closed a penny harder at 223p, after 220p. Scottish Metropolitan lost the turn to 91p; the company has acquired four properties from Scottish Heritable Life Assurance for £6.8m. Elsewhere, McKay Securities added a couple of pence to 147p ahead of today's interim results.

The sharp overnight setback on Wall Street prompted an initial mark down in Oil shares, but a little support at the lower levels enabled quotations to edge off the bottom. British Petroleum finished 2 lower at 294p, after 290p, and Shell closed similarly cheaper at 374p, after 372p. Lasmo gave up 10 to 375p while, in Exploration issues, KCA picked up well to close only a penny off on the day at 114p after 108p.

Losses were fairly widespread throughout Trusts but Lamont rose 4 to 22p on receipt of planning permission to redevelop the company's old Belfast ropework factory.

Shippings followed the general trend, P and O Deferred closing unchanged at 136p, after 133p. Liquidation of recent speculative positions left Reardon Smith 8 lower at 125p and the A 9 cheaper at 118p.

A rising market of late following the interim statement and scrip issue proposal, Allied Textile encountered profit-taking and eased 6 to 196p. Nottingham Manufacturing gave up 3 to 144p, also on profit-taking, but Textured Jersey, unchanged at 82p, after 80p, turned steady after Monday's drop of 13 which followed the chairman's profits warning.

Plantations were quietly dull. Inch Kenneth, 300p, and Harrisons Malaysian Estates, 170p, eased around 7 apiece, while Castlefield shed 10 to 390p.

Golds weaker

Mining markets were again in subdued form, as news of higher U.S. interest rates clipped around ½ point off the leading Golds. Even the steadiness of the bullion price, finally $1.50 up at $380.5, gave no encouragement, and the Gold Mines index fell a further 6.4 for a two-day decline of 11.7 to 281.8.

Among the heavyweights, Randfontein Estates were especially weak and lost a point to £25¼, while losses of around ½ were common to Buffels at £16½, Hartebeest at £23¾, Kloof at £14¾, Western Deep Levels at £15¾, Free State Geduld at £16¼, St Helena at £15½ and Western Holdings at £21½.

Doornfontein led the way downward in the lower-priced issues with a decline of 39 to 818p, while ERPM at 483p, Stilfontein at 698p and Welkom at 496p all closed more than 20 lower.

The gold-based South African Financials were also lower, as in "Amgold," down a point to £36, Gencor, 20 weaker at 940p, and Gold Fields of South Africa, down ½ to £33½, the last-named in front of the half-year results.

Tins closed easier, where changed, after light trading, with Killinghall losing 25 to 675p, and Gopeng and Pengkalen both 10 weaker at 550p and 360p respectively.

Platinums lost ground in line with Golds, as in Impala, 5 lower at 315p and Rustenburg, a similar amount down at 215p.

Australians were a quiet market, with the exception of Peko-Wallsend, where the evaporation of overnight domestic takeover speculation caused a drop of 10 to 342p. Golds ended around 5 lower, as in Gold Mines of Kalgoorlie, 305p, and Poseidon, 125p.

Demand for Traded Options improved slightly. Deals completed yesterday amounted to 1,851. Among calls, ICI recorded 294 and Imperial 270, ... preliminary ... later this month.

FINANCIAL TIMES STOCK INDICES

	Feb. 2	Feb. 1	Jan. 29	Jan. 28	Jan. 27	Jan. 26	A year ago
Government Secs.	64.40	64.65	65.15	64.66	64.25	63.80	69.39
Fixed Interest	64.42	64.95	65.30	64.58	64.44	64.12	70.95
Industrial Ord.	571.0	572.0	579.8	573.8	568.9	568.9	476.5
Gold Mines	281.8	288.2	293.5	284.8	286.3	275.1	284.2
Ord. Div. Yield	5.35	5.35	5.28	5.34	5.38	5.37	7.48
Earnings, Yld.% (full)	9.56	9.57	9.45	9.56	9.63	9.61	16.73
P/E Ratio (net)(*)	13.26	13.26	13.43	13.27	13.17	13.20	7.31
Total bargains	22,342	20,899	20,560	19,194	21,171	20,199	21,319
Equity turnover £m.	—	139.65	190.95	140.23	198.31	151.46	122.35
Equity bargains	—	18,663	18,089	15,326	18,617	17,150	15,749

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 560.2. 11 am 561.8. Noon 564.1. 1 pm 565.3. 2 pm 565.4. 3 pm 567.7.

Latest Index 01-246 8026.

*Nil=11.88.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	72.01 (20/5/81)	61.81 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	226.6 (29/5/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 1	Jan. 29
Daily Gilt Edged Bargains	206.4	197.3
Equities Bargains	120.9	116.8
Value	282.5	388.0
5-day Avge. Gilt Edged Bargains	198.2	205.5
Equities Bargains	113.8	115.1
Value	330.5	331.8

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (17)

BANKS (1)
Wintrust

BUILDINGS (2)
I.D.L. Jarvis (J.)

CHEMICALS (2)
Fisons Halstead (J.)

ELECTRICALS (1)
Berec

ENGINEERING (1)
Drake & Scull

INDUSTRIALS (6)
Beatson Clark, J.B. Holdings, Burco Dean, Nu-Swift, Holden (A.), Securicor A N-V

INSURANCE (1)
Howden (A.)

PAPER (1)
Mills & Allen

TRUSTS (2)
Capital & Nat. B, London & Provl.

NEW LOWS (13)

CANADIANS (1)
Place Gas

BUILDINGS (2)
Carron, United Ceramic

ELECTRICALS (1)
Hemelrnetics

ENGINEERING (2)
Jenks & Cattell, Ratcliffe Inds.

LEISURE (1)
Pan Atlas

MOTORS (1)
Dowty

TRUSTS (2)
Fashion & General, Utd. Comp. & Tech.

OIL & GAS (2)
Energy Capital, Gallstream Res. Can.

MINES (1)
Kitchener

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	56	35
Corpns. Dom. and Foreign Bonds	25	1	36
Industrials	98	394	665
Financial and Props.	28	272	211
Oils	9	49	52
Plantations	—	9	15
Mines	14	82	71
Others	28	69	56
Totals	203	1,152	1,121

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	June 3	July 14
Mar 8	Mar 19	June 17	June 28

For rate indications see end of Share Information Service

Calls were taken out in Woodside, Wimpey, Rank Organisation, Nimslo, Exco, Trident TV, BP, ICL, Henry Ansbacher, Chloride, Marks and Spencer, Gillett Bros. Discount, Barker and Dobson, Shell Transport, Percy Lane, ICI and Lee Cooper. Puts were completed in GKN, Lucas, Farnell and Johnson and Firth Brown. Doubles to be arranged included BP, GEC, ICI, Burton, Fisons and Shell Transport.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–	Div.	Times covered	Gross yield	P/E ratio
‡30	F.P.	19/2	30	29½	Asset Special 10p	29½					
100	F.P.	19/2	99	96	Baillie Gifford's Tst	98		[illegible]			
‡	F.P.	—	535	315	Eldridge Pope £1	535		[illegible]			
80	F.P.	15/1	84	81	Equipu 10p	82		[illegible]			
—	F.P.	—	10	7	F&C Enter. Warrants	9					
58	F.P.	26/2	63	58	Fledgeling Inv.	62		[illegible]			
150	F.P.	4/1	168	156	Hayters 2L	160		[illegible]			
‖	F.P.	—	53	52	Malaysian Tin 5p	53					
US$6.85	F.P.	12/2	305	260	Newmarket (L)$(S)	270					
$10	F.P.	10/12	18¼	14	Owners Abroad 10p	17¼		[illegible]			
§§	F.P.	—	11	4½	Peek Hldgs	11					
115	F.P.	29/1	124	117	Roeyhawk 10p	124		[illegible]			
—	F.P.	—	5	3½	Vinten 1p	4					
46	F.P.	19/2	49	47	York Mount	48		[illegible]			

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+or–
¶¶	F.P.	12/3	97	86	Nabitat 9½% Conv. Uns. Ln. '98-2001	96	
‖	F.P.	26/2	118	102	Haslemere Est 9pc Conv. Uns Ln. 2001/06	111	
¶19½	£10	19/3	13	11	Mid-Kent Water 9½% Red. Prf. 1987	12	
£100	F.P.	—	100⅜	99	Nat'wide Bdg. Society 15½% Bds (24/1/83)	99⅞	
£100	F.P.	—	100	99⅞	Do. 15¼% Bds (17/1/83)	100	
£100	F.P.	—	100¼	99¾	Do. 15¼% (7/2/83)	100	
£100	F.P.	—	100	100	Do. 15½% (7/2/83)	100	
—	F.P.	—	117	105	Viners 10% Conv. Loan 1986	110	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+or–
2.5A$	Nil	—	—	—	C S R A$1	92pm	
15	F.P.	26/1	17	16	Carlton Real Esta. 10p	16	
140	Nil	—	—	—	Davy Corp.	20pm	
55	Nil	19/3	5/3	60pm	Glass Glover	60pm	
R.2.	Nil	—	—	—	Griqualand 5 cts	25pm	
25	F.P.	26/1	12/3	60	I.C.L.	58	
180	F.P.	29/1	26/2	252	Kwik-Save 10p	212	
44	F.P.	8/1	12/2	53	Lonrho	48	
188	Nil	11/2	26/3	58pm	MEPC	50pm	
50	F.P.	19/1	19/3	58	Warwall 5p	55	

Renunciation date usually last day for dealing free of stamp duty. § Figures based on prospectus estimate. ¶ Dividend rate paid or payable on part of capital; cover based on dividend on full capital. a Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	No. of price changes	Closing price pence	Day's change
Fisons	37	216	+36
GEC	21	840	+4
ICI	17	332	+6
De La Rue	15	707	−30
Barclays Bk.	13	452	[illegible]
BP	13	298	−6
Dawson Intl.	13	146	[illegible]
Dowty	12	125	[illegible]
GKN "A"	12	[illegible]	[illegible]
Plessey	12	370	[illegible]
Racal Elec.	12	[illegible]	[illegible]
ICI	12	[illegible]	[illegible]
Midland Bk.	11	[illegible]	[illegible]
NatWest Bk.	11	422	[illegible]

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change
Boots	[illegible]	213	[illegible]
Bowater	[illegible]	220	+2
British Home Stores	[illegible]	225	[illegible]
Fisons	[illegible]	[illegible]	[illegible]
ICI	[illegible]	338	+6
Lucas Inds.	[illegible]	225	[illegible]
Plessey	[illegible]	[illegible]	[illegible]
Rank Org.	[illegible]	[illegible]	[illegible]
Reed Intl.	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]
Smith (W. H.) A	[illegible]	[illegible]	[illegible]
Unitech	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues Feb 2 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 1 Index No.	Fri Jan 29 Index No.	Thur Jan 28 Index No.	Wed Jan 27 Index No.
1	CAPITAL GOODS (230)	375.89	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (25)	333.64	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	588.09	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (9)	[illegible]	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (198)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (112)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues Feb 2	Day's change %	Mon Feb 1	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	107.63	+0.02	107.62	—	[illegible]
2	5-15 years	122.29	−0.27	122.57	—	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]
6	Debentures & Loans	81.22	−0.50	81.62	—	[illegible]
7	Preference	64.38	—	64.38	—	[illegible]

AVERAGE GROSS REDEMPTION YIELDS: [illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

AUTHORISED UNIT TRUSTS

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.6	91.1	-0.4	13.35

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	26.8	29.1xd	-0.1	1.63
Australian (z)	22.4	24.3	+0.2	1.02
Far Eastern Tst. (z)	41.2	44.7	-0.6	1.24
High Income	35.4	38.5	-0.6	11.35
Intl. Trust (z)	47.8	51.9	-0.1	1.44
Basic Resources Tst.	45.7	47.5	-0.8	2.28
Income Growth Tst.	25.0	27.2xd	-0.2	8.15
Pref. & Gilt Tst.	18.1	19.6xd	....	15.96
Smaller Co's Trust	29.7	32.2	-0.2	3.35

Chanderton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.8	17.0	-0.4	1.80
International	61.8	64.9	-0.4	1.20
High Income	28.8	31.1xd	-0.3	11.37

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	78.9	83.0	+0.1	5.62

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.3	39.6xd	-0.6	11.77
North American	57.6	62.2	-1.1	2.72
Canadian Exempt*	58.0	61.3	-0.7	3.36
Canadian Trust	48.4	52.4	-1.7	2.63
Mid Mount High Inc.*	47.2	49.9	+0.4	9.62
Recovery	60.3	65.7	-0.3	3.35
Gilt Trust	37.6	39.3xd	-0.3	13.50

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	40.5	43.7	-0.4	0.57
Cres. Internat'l.	88.4	95.3	-0.3	1.61
Cres. High. Dist.	45.8	49.4	-0.6	9.26
Cres. Reserves	52.2	56.3xd	-0.8	4.33
Cres. Tokyo	40.5	43.7	-0.6	0.29

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.0	24.6	+0.2	7.23

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	168.9	174.2	....	8.87
L&C Intl & Gen Fd.	128.1	132.1	....	1.67

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	96.5	104.3	-1.5	4.43
Equity Acc.	135.2	146.2	-2.0	4.45
Gilt	117.8	124.8	-1.0	7.74

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	125.3	133.0	....	0.43
Leo Accum.	148.3	157.4	....	0.43

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	77.7	83.5	-1.3	4.54
Do. (Accum.)	121.9	131.0	-2.0	4.54
Energy Int.	41.3	44.4	-0.7	2.16
Do. (Accum.)	42.0	45.1	-0.8	2.16
Extra Income	63.7	68.4	-1.0	8.62
Do. (Accum.)	90.5	97.3	-1.3	8.62
Income	101.3	108.9	-1.6	6.80
Do. (Accum.)	166.8	179.3	-2.8	6.80
Int. Technology	78.9	84.8	-1.0	0.43
Do. (Accum.)	80.3	86.3	-1.1	0.43
N. American & Gen.	47.9	51.4xd	-0.8	1.20
Do. (Accum.)	49.2	52.8	-0.8	1.20
Pacific Basin	47.2	50.7xd	-0.2	0.88
Do. (Accum.)	47.6	51.1	-0.2	0.88
Small Cos. & Recy.	59.3	63.7	-0.8	2.76
Do. (Accum.)	62.2	66.8	-0.8	2.76
Worldwide Gwth.	87.7	94.3	-1.1	2.20
Do. (Accum.)	117.8	126.6	-1.7	2.20

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	281.5	296.3	....	4.02

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31.		158.50	....	6.77
Wider Fund Dec. 31.		280.25	....	5.05
Narrower Fd. Dec. 31.		70.05	....	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	47.4	51.2	-0.8	2.75
I.T.U.	36.8	39.7	-0.6	3.75
Select International	363.4	391.1	-4.7	1.55
Univ. Growth	86.6	93.2	-1.5	0.74
Increasing Income Funds				
High-Yield	59.2	63.7	-0.9	7.82
Select Income	62.6	67.3	-1.2	6.46
High Income Funds				
Gilt & Fxd. Int. Inc.	46.2	48.7	....	12.77
High Return	67.1	72.2xd	-1.7	8.32
Income	44.3	47.6	-0.7	9.74
U.K. Funds				
Gilt & Fxd. Int. Grth.	51.6	52.2	....	4.95
UK Equity	63.2	68.3xd	-1.3	4.08
Overseas Funds (z)				
Europe	77.1	82.9	-0.1	2.06
Japan	128.8	138.6	-1.9	0.10
S.E. Asia	83.2	89.5	-1.4	0.67
U.S.	117.3	126.2	-0.6	0.76
Sector Funds				
Commodity	125.7	135.3	-1.4	3.13
Energy	122.7	131.9	-1.3	1.49
Exploration Fund (z)	34.7	37.3xd	+0.2	0.75
Financial Secs.	104.3	112.2	-0.9	2.68
New Technology (z)	47.2	50.8xd	-0.2	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	61.3	65.8	+0.1	2.25
Exempt Funds				
Exempt Income*	197.7	208.7	....	7.49
Exempt Intl.*	359.8	379.8	....	0.89

Prices at Jan 27. Next sub day Feb 10.

Scotbits Securities Ltd.

Scotbits	48.9	52.8xd	-0.4	3.74
Scotyield	55.6	59.8	-1.1	7.30
Scotshares	83.9	90.7	-1.0	4.35

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	170.9	183.7	-4.4	2.74
(Accum. Units)	224.3	241.1	-6.1	2.74
Income Fnd.	246.9	265.4xd	-0.6	7.23

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
100⅛	92¾	Aust. 5½pc '81-82	100⅛	......	5.60	16.50
87⅞	82½	Do. 6pc 1981-83	87⅞	......	6.92	14.51
67⅛	57	N.Z. 7¼pc 1988-92	59¾	-¼	12.37	15.32
81¾	74	Do. 7½pc '83-86	76¾	......	9.91	15.38
141	115	S. Rhod. 2½pc Non-Ass.	140	......	—	—
66	43	Do. 3½pc 80-85 Asstd.	66	......	5.42	16.80
43	26	Do. 4½pc 87-92 Asstd.	35xd	......	12.86	19.60
395	320	Zimbabwe Ann (£100pa)	350	......	—	24.47

LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	60	......	8.40	13.92
29½	23¼	Met. Wtr. 3pc 'B'	25xd	-½	11.89	14.30
114	97	U.S.M.C. 9pc 1982	103	-2	8.74	—
97⅛	91	Do. without Warrts.	97½	......	9.23	—
		Financial				
101½	94¼	FFI 14pc '83	98	-¼	14.29	15.23
97	88½	FFI(UK Fa)5½pcDb. '80-2	96½	......	5.81	15.30
83½	77	Do. 6¼pcDb. '81-84	81½	-½	7.67	15.33
93	82½	Do. 10¼pc Uns.Ln. '86	85½	-½	12.43	16.00
92	78	Do. 11pc Uns.Ln. '88	81½	-1	13.67	15.40
92	78	Do. 11¼pc Uns.Ln. '90	82	......	14.53	16.18
94½	78½	Do. 12¼pc Un. Ln. 1992	86½	-1	15.30	16.40
64½	54	Do. 7¼pcADeb. '89-92	56½	......	13.08	16.05
62	51½	Do. 7½pcADeb. '91-94	56½	+½	13.43	15.80
72½	59½	Do. 9pc 'A' '91-94	65½	-½	14.53	16.15
70	56½	Do. 8⅞pcLn. '92-97	58½xd	-½	15.17	16.32
		Building Societies				
100¼	98¼	N'wide 14¼pcBd11.8.82	99¼	......	14.86	—
100½	98	Do. 14¼pc Bds 25.8.82.	99½	......	14.82	—
100½	98¼	Do. 15⅜pc Bds. 29.9.82	99⅝	......	15.43	—
101¼	99¾	Do. 16¼pc Bds. 27.10.82	100¼	......	16.21	—

FOREIGN BONDS & RAILS

1981/82 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	65	......	—	—
57	53½	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	3.1
28	14	Chinese 4½pc 1898	16	......	—	—
22	11	Do. 5pc 1912	12	......	—	—
18	8	Do. 5pc 1913	11	......	—	—
16	9	Do. 5pc '25 Boxer	9½	......	—	—
45	36	Greek 7pc Ass.	44	......	3½	8.13
42	33	Do. 6pc 28 Stb. Ass.	42	......	3	7.15
35	30	Do 4pc Mixed Ass.	35	......	2	5.75
52	35	Hung. '24 Ass.	35	......	2¼	8.36
97¼	87	Hydro Quebec 15pc Ln 2011	92	......	15	16.30
67	58	Iceland 6½pc '83-88	58	......	6½	17.80
102	80	Do. 14½pc Ln. 2016	83¼xd	......	14½	17.44
92	83½	Ireland 7½pc '81-83.	90	......	7½	15.94
79¼	63¾	Do. 9¾pc '91-96	66	-½	9¾	16.83
240	180	Japan 4pc '10 Ass	240	......	—	—
79	66	Do. 6pc '83-88	68xd	......	6	13.13
165	155	Peru Ass. 2007	161	......	5.22	3.28
96¼	79½	Pet. Mx 14½pc '06.	87	-1	14½	17.71
$79	$75	Turin 9pc 1991	$75	......	9	12.80
DM90	DM87	Turin 6½pc 1984.	DM87	......	6½	11.60

AMERICANS

1981/82 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
27⅝	24	AMF 5% Conv. '87	24	......	5%	—	13.1
16½	912p	Abbott Labs.	14⅞	-⅜	72c	—	2.6
17¼	11⅞	Alcoa 1$	12	-⅜	$1.80	—	7.9
37¾	16½	Amax $1	18¼	-⅜	$2.40	—	6.7
21¼	13½	Amdahl	14¾	......	40c	—	1.4
27⅝	16¾	Amer. Express $0.60	23⅝	-¼	$2.20	—	4.9
17⅞	10⅞	Amer. Medical Ind. $1.	12⅝	-½	52c	—	2.2
20½	16⅛	Amer. Nat. Res. $1.	17¼	-⅛	$2.84	—	8.6
14⅝	949p	Bank America Corpn.	10	-⅛	$1.52	—	8.0
19	12⅛	Bankers N.Y. $10	17⅞	-¼	$2.05	—	6.2
36⅝	22¼	Bendix Corp. $5	28¼	......	$3.32	—	6.1
14⅞	951p	Beth Steel $8	11⅝	-⅛	$1.60	—	7.4
18⅝	975p	Brown'g Fer. c16⅔.	17⅝	-⅛	$1.00	—	3.0
14⅝	564p	Brunswick Corpn.	14⅛	-⅛	$1.00	—	3.6
24¾	14⅞	Burroughs Corp. $5.	17½	......	$2.60	—	7.8
20¼	12⅛	C.P.C. $½	20¼	......	$1.92	—	5.0
36	23	Caterpillar	27⅜	-¼	$2.70	—	5.1
31½	18	Chase M'htn.$12.5.	30⅝xd	-½	$3.40	—	5.8
20	11⅛	Chesebrough $1	17⅛	-½	$1.72	—	5.1
382p	165p	Chrysler $6¼	235p	+7	—	—	—
15	883p	Citicorp $4	13½	-½	$1.56	—	6.1
15¾	865p	City Inv. $1.25	12¼	-⅛	$1.60	—	6.8
24	13⅞	Do. Cm. Prf. B $1.	19⅛	......	$2.00	—	5.5
916p	587p	Colgate-P. $1	893pxd	-18	$1.20	—	7.1
24⅝	936p	Colt Inds. $1	13⅝xd	-⅜	h$1.80	—	7.1
20¼	11⅝	Cons. Foods $1⅓.	16⅝	-⅛	$2.12	—	6.7
21¾	12⅞	Cont. Illinois $10.	19	-½	$2.00	—	5.5
24	13⅞	Crown Zell. $5	14½xd	......	$2.30	—	8.3
935p	465p	Damson Oil US$0.4	515p	......	—	—	—
21⅛	11⅛	Eaton Crp. $0.50.	15½	-⅛	$1.72	—	5.8
30⅝	15⅞	Esmark $1	25⅛	-⅝	$1.84	—	3.8
20	14½	Exxon	16⅛	-⅝	$3.00	—	9.8
891p	368p	Fin. Corp. America	658p	+8	h68c	—	5.4
10⅞	639p	First Chicago $5	933p	-25	$1.20	—	6.8
25¼	13⅝	Fluor Corp. $⅝	13⅞	-½	80c	—	3.0
12½	789p	Ford Motor $2	967p	-18	—	—	—
21½	15½	GATX $⅝	17½	......	$2.40	—	7.2
34¼	24⅝	Gen. Elect. $2½	33	-½	$3.20	—	5.5
18¾	11½	Gillette $1	17¼xd	+⅛	$2.10	—	6.2
24⅛	16⅛	Gulf Oil	16½xd	-½	$2.80	—	8.9
50½	33¼	Honeywell $1.50.	39⅞	-½	$3.40	—	4.5
25	875p	Hutton (E. F.) $1.	18¾	-½	80c	—	2.2
34¼	26¼	I.B.M. Corp. $1.25.	33½	-½	$3.44	—	5.4
38	26¼	Ingersoll-R $2	30	+1¼	$3.40	—	6.0
960p	655p	I. U. International	698p	-5	$1.10	—	8.3
16¾	13½	Int. Tel. & Tel. $1	15½	-⅛	$2.68	—	9.1
12⅝	756p	Kaiser Al. $⅓	785p	+18	$1.40	—	9.4
737p	304p	Lionel Corp. $0.10	396p	-6	20c	—	2.6
18	12⅞	Lone Star Inds.	13⅞	+⅛	$1.90	—	7.2
23	14⅝	Louisiana Land $0.15	16⅝	......	$1.80	—	5.7
980p	555p	Lowes US$0.50	750p	......	48c	—	3.4
20⅝	12¼	Manf. Han. US$7.50	17⅞	-⅝	$2.92	—	8.6
22½	12⅝	Merrill Lynch $1	18xd	-½	$1.28	—	3.7
32⅝	20⅝	Morgan (JP) US$2.5	29	-1½	$3.40	—	6.1
10⅞	605p	Norton Simon Inc. $1	10½xd	-⅛	$1.08	—	5.4
19¼	12⅝	Quaker Oats US$5	19¼	+⅛	$1.80	—	4.9
21⅞	12⅛	Rep. N.Y. Corp. $5	18⅝xd	+⅛	$1.40	—	4.0
944p	690p	Rexnord $5	725p	+2	$1.08	—	7.3
22¼	14⅛	Rockwell Intl. $1.	16½	-¼	$1.56	—	5.0
479p	318p	Saul (B. F.) $1	396p	+8	20c	—	2.6
27⅝	17⅞	Shell Oil $1	20¼	-⅛	$1.80	—	4.5
627p	495p	Simplicity Patt	503p	-6	456c	—	5.8
27	16	Sperry Corp. $0.50.	17¾	-¼	$1.92	—	5.7
25⅞	16	Sun Co. Inc.	19⅝	-⅛	$2.10	—	5.6
33½	26	TRW Inc. $1¼	28⅛	+⅛	$2.40	—	4.5
24	15¼	Tenneco $5	16¼xd	-¼	$2.60	—	8.4
176	103	Do. 10% Ln. Stk. 91-95	105xd	......	10%	—	9.6
15⅝	726p	Tesoro Pt. US$0.16⅔	12⅛	+⅛	40c	—	1.7
21⅞	15⅞	Texaco $6.25	16½	-⅛	$3.00	—	9.5
22½	11¼	Time Inc. $1	18⅝	-⅝	$1.00	—	2.8
13¼	752p	Transamerica $1.	11⅞	-⅛	$1.40	—	6.2
32	20⅝	Union Carbide $1	25⅝xd	-⅜	$3.40	—	7.1
30⅝	20	Utd. Tech. $US5.	20⅞xd	-1	$2.40	—	6.2
17⅛	969p	U.S. Steel $1	13⅛	-⅛	$2.00	—	7.9
13⅞	888p	Woolworths $3½.	920p	-4	$1.80	—	10.3
19½	10½	Zapata Corp. 25c.	14⅛	-½	72c	—	2.7

CANADIANS

1981/82 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
13	10⅛	Bk. Montreal $2	10½xd	-⅛	$1.96	—	8.3
12⅝	10⅝	Bk. Nova Scot. $1	10⅝	-⅛	$1.76	—	7.3
873p	660p	Bell Canada $8⅓.	780p	-18	$1.96	—	11.1
11	630p	Bow Valley	735p	-47	15c	—	0.9
15¾	863p	Brascan	936p	-36	$1.80	—	8.5
14⅛	970p	Can. Imp. Bk. $2	12	-⅛	$2.08	—	7.7
24½	13⅞	Can. Pacific $5	16½	-⅝	$1.90	—	5.1
31⅞	26⅞	Do. 4pc Deb. £100	27½	......	4%	—	14.5
18⅞	726p	Can. P. Ent.	757p	-25	$1.12	—	6.5
13⅞	601p	Gulf Can.	646p	-46	40c	—	3.0
962p	434p	Hawker Sid. Can.	512p	-13	96c	—	8.3
20½	12⅝	Hollinger $5	12⅝	-⅛	$2.20	—	7.7
16⅞	812p	Hudson's Bay	969p	+53	$1.20	—	5.5
23	795p	Hud. B. Oil G. $2½	21⅝	-⅛	32c	—	0.6
16⅞	10p	Imperial Oil	10p	-⅛	$1.40	—	6.2
11⅛	629p	Inco	713p	-35	SUS20c	—	1.5
750p	450p	Int. Nat. Gas $1	700p	-30	$1.10	—	6.9
210p	85p	Massey Ferg.	94½p	-2½	—	—	—
120p	34p	Place Gas $1	34p	-3	—	—	—
18⅝	10¼	Rio Algom	17	-⅛	$1.50	—	3.9
13	10¾	Royal Bk. Can. $1	10⅞xd	-⅛	$2.00	—	7.9
32⅛	23¾	Seagram Co. C$1	28⅝	-⅛	US$1.80	—	3.3
14½	11¼	Tor. Dom. Bk. $1.	13	-⅛	$1.80	—	6.1
11¼	750p	Trans Can. Pipe	11	-⅛	$1.16	—	4.7

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

PROPERTY

INSURANCE

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
175	21	Anglo-Dominion	25	......	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	100	......	—	—	—
330	200	Cons. Murch. 10c.	250	−10	Q60c	♦	11.4
10	5	‡‡Explaura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	85	......	—	—	—
505	205	Northgate C$1	210	−5	—	—	—
633	372	R.T.Z.	455	−10	16.0	2.3	5.0
£130½	£93½	Do.9½%CvUnLn.'95-2000	£105½	−1½	Q9½%	—	f9.1
103	13	††SPD Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southwest C. 10p	30	......	—	—	—
650	410	Tara Explo. $1	410	−40	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ⚲ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	42	......	Conv. 9% '80/82	£99½	......
Bertrams	17	......	Nat. 9¾% 84/89	£64¾	......
Bdg'wtr. Est. 50p	410	−5	Fin. 13% 97/02	£72¾	......
Craig & Rose £1	£12¾	......	Alliance Gas	70	−5
Finlay Pkg. 5p	25½	......	Arnott	220	−10
Graig Ship. £1	£23	......	Carroll (P.J.)	77	......
Higsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	550	......	Helton (Hldgs.)	29	......
I.O.M. Stm. £1	192	......	Irish Ropes	37	......
Pearce (C. H.)	£10¾	......	Jacob	61	......
Peel Hldgs.	116	......	T.M.G.	14	+1
Sheff. Refrsbmt	35	......	Unidare	55	......
Sindall (Wm.)	200	......			

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	15	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	10	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr.	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7		
Courtaulds	5½	Nat. West. Bank	30	Brit. Petroleum	28
Debenhams	7	P & O Dfd.	9	Burmah Oil	11
Distillers	16	Plessey	26	Charterhall	6
Dunlop	6½	Racal Elect.	34	KCA	19
Eagle Star	25	R.H.M.	7	Premier	7
F.N.F.C.	4	Rank Org. Ord.	24	Shell	28
Gen. Accident	30	Reed Intnl.	23	Tricentrol	25
Gen. Electric	55	Sears	5	Ultramar	40
Glaxo	32	Tesco	5		
Grand Met.	15	Thorn EMI	50	**Mines**	
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	32	Turner & Newall	7½	Lonrho	7
Hawker Sidd.	25	Unilever	58	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday February 3 1982

TUC calls for £8.3bn reflation

BY JOHN LLOYD, LABOUR EDITOR

THE TUC has called for an £8.3bn reflation of the economy and for a common effort by the Government, unions and employers to "plan the path back to full employment."

The 1982 TUC Economic Review, published yesterday and sent to Sir Geoffrey Howe, the Chancellor, earlier this week with a request for a meeting, was described by Mr Len Murray, the TUC general secretary, as "a new deal to put Britain back to work through a budget which will help industry and investment."

For the first time, the review's recommended package has been tested on the Treasury model of the economy, used for forecasting the effects of the Governments' own policies.

The TUC claims the model shows that the £8.3bn stimulus creates 4 per cent growth and 759,000 new jobs at the cost of only a 1.1 percentage point rise in the inflation rate.

The TUC proposes a tripartite planning structure to sustain growth in the medium term. This would give the unions much more power over, and responsibility for, economic decision making than they have had before even under Labour Governments.

The review refers to the joint work being carried out by the TUC and the Labour Party on planning and industrial democracy, and makes it clear that full implementation of its plans depends on the return of a Labour Government.

It goes further in this direction than previous reviews, and confirms the trend within the TUC towards hegemony by the major unions over party policy making.

The main elements in the TUC's package are:

- A £2.1bn public sector capital investment programme.
- A £1.7bn manpower, education and training strategy.
- Reduction of value added tax from 15 per cent to 12.5 per cent, at a cost of £2bn.
- Increased industrial investment and nationalised industry spending, at a cost of £800m.
- Higher pensions and other benefits, at a cost of £1.5bn.

The TUC says that to sustain growth after the first year a range of measures, including selective import controls, new mechanisms for industrial investment and a reduction of working time to help create jobs would be necessary.

The review forecasts that the jobless total will rise to 4.9m by 1986, of which 3.6m will be registered unemployed, 800,000 unregistered, and 500,000 will be kept off the register by special employment measures.

It says that it would be possible to achieve 5 per cent growth over five years, and thus create 4m jobs — enough substantially to eradicate unemployment.

Pym's position shaken by his pessimistic speech

BY ELINOR GOODMAN

THE EFFECTIVENESS of Mr Francis Pym as the minister responsible for the presentation of government policy, was being called into question yesterday. This followed his deeply pessimistic speech on Monday night in which he warned that living standards were bound to fall in the short term.

Publicly, the Prime Minister yesterday defended Mr Pym's speech—albeit very selectively—but in private she was furious. Mr Pym, who is Leader of the Commons and Lord President of the Council, had totally contradicted the optimistic note which other ministers have been at pains to include in their recent speeches.

Some Conservative backbenchers were also indignant about the speech which they claimed would make things even more difficult for them in their constituencies.

Others, however, said Mr Pym was only being realistic, and damping down expectations in advance of what is generally expected to be a neutral budget.

Meanwhile Mr Pym in an interview on BBC radio, showed no sign of modifying his view. He repeated that it was important that people's expectations should not be so high that they were bound to be "confronted by disappointment." He did not want people to think there was going to be any quick and easy answer.

The Prime Minister herself has always said that the road to recovery would be a long one, and that unemployment would continue to rise this year. Nevertheless she has been trying, over the last few months, to offer both the electorate and her own increasingly restive backbenchers, some light at the end of the tunnel. She has pointed to the way output is picking up and to signs that unemployment will begin to fall before the election.

Like most senior ministers she has included in almost all her recent speeches the long list of all the indicators now pointing towards recovery. Ironically, it is Mr Pym's job to co-ordinate the Government's communications.

Mrs Thatcher did not see the text of the speech before Mr Pym delivered it, but when she was shown it afterwards, she was apparently incensed by the fact that it was full of phrases which could be quoted against the Government.

Despite Mrs Thatcher's evident displeasure, Mr Pym's standing in the Cabinet is unlikely to be affected by the speech.

He established himself as a prophet of gloom in his last job as Defence Secretary, and yesterday Downing Street was trying to present the speech as just another manifestation of Mr Pym's innate pessimism.

Yesterday in the Commons, Mr Michael Foot, the Opposition Leader, was quick to try to exploit the speech. Mrs Thatcher responded by saying that the speech was so good that she wished to quote from it.

She then went on to quote the passage which said that the Government was committed to long-term economic recovery and that the Conservative party had never shrunk from challenges in the past. But she pointedly refrained from quoting the passages about falling living standards.

Crisis in Poland 'far from over'

By Reginald Dale, U.S. Editor, in Washington

MR ALEXANDER HAIG, U.S. State Secretary, warned that the Polish crisis is far from over.

He said "passive and not so passive resistance" by the Poles would probably increase unless the military Government set a timetable for the end to martial law and made a start on national reconciliation.

Mr Haig told the Senate Foreign Relations Committee that the West "can and must act" to influence events in the country.

"If we do not take serious actions commensurate with our concern, then the Soviets might be encouraged to test our resolve at other critical points in the world," he said.

Mr Haig said it would be tragic if Poland's misfortune became the instrument of allied disunity. But, he believed that the unity so far displayed by the West has come as "an unpleasant surprise" to Moscow.

"Continued unity and concrete pressure, coupled with our positive offer to help the Polish economy, offer the best prospect for affecting the future of freedom in Poland," he said.

Mr Haig said the crisis represented "a profound failure of Soviet-style Communism" that had affected the very basis of productivity in Poland.

Soviet complicity in the crisis, coming while Soviet troops occupied Afghanistan and Moscow's arms flooded Cuba, undermined "the very basis for productive East-West relations," Mr Haig said.

However, he said his meeting with Mr Andrei Gromyko, Soviet Foreign Minister, in Geneva last month, had provided "a timely and important exchange of views."

He said he had stressed to Mr Gromyko that Soviet use of force or the threat to use force to frustrate peaceful change posed "the greatest danger to our mutual interests."

Poland seeks E German aid, Page 2
China-Poland trade, Page 4

McDonnell Douglas may convert part of Laker debt into shares

BY ALAN FRIEDMAN

McDONNELL DOUGLAS, the U.S. aircraft maker, is expected to convert into preference shareholdings at least a portion of the $46m (£24.7m) Laker dollar debt it has guaranteed in connection with Laker Airways' purchase of DC-10s.

McDonnell is also expected to lend £3m to £4m to the airline, thus forming the centrepiece of the Laker survival package nearing completion.

Talks on Laker's future have been in progress among aircraft suppliers and banks for five months. The Bank of England has acted as an intermediary.

The news of McDonnell's debt conversion, which could provide it with between 10 and 20 per cent of Laker ordinary shares if converted, came after reports that Sir Freddie Laker had declared his financial troubles were over.

Sir Freddie said he was "flying high today" and was confident about the future. He said the money he needed to solve his cash crisis had come jointly from McDonnell Douglas and Clydesdale Bank.

McDonnell Douglas said yesterday: "We are working on a small loan facility for Laker to draw upon." This is the expected cash injection which will take the form of a loan.

The aircraft maker said it was unlikely to take part in the management of Laker Airways. Board membership has already been offered to the company.

Samuel Montagu, Laker's merchant bank adviser, confirmed last night that McDonnell Douglas would take convertible preference shares under the package being negotiated. Mr Ian McIntosh, a managing director, said: "We are at an advanced stage of negotiations and I hope we will conclude the negotiations within a week or so."

He said all the elements of the survival package were subject to a number of conditions.

Clydesdale Bank, a wholly-owned subsidiary of Midland Bank, is the airline's main bank. It is understood to have increased Laker's overdraft to between £9m and £10m over the past six months, an increase of about £6m.

These funds have provided Laker with essential cash flow during a period of significant difficulties.

Continued from Page 1

Aslef

controversial. It is made up of the members of the Railway Staffs National tribunal whose original arbitration decision last year on the 1981 pay increase was one of the causes of the present dispute. The inquiry will be chaired by Lord McCarthy of Nuffield College, Oxford.

Acas officials acknowledge that, having tried conciliation, arbitration and now an imposed inquiry, all of which Aslef has rejected, there is little role for Acas to play in resolving the dispute.

It is widely expected that the BR Board will decide tomorrow to try to reduce its mounting costs arising from the series of strikes and to bring the dispute to a head.

The board will consider the possibility of closing down the entire railway network by suspending payment to its workforce.

Aslef's spreading of its action will cause disruption to the rail network every single day, and will be particularly damaging for BR's freight business, which has suffered badly from the strike. Freightliner business is down by 70 per cent and parcels by 30 per cent. It will leave BR only one night, Friday, clear to transport material.

Bonn economy may rise by 1.5%

BY JONATHAN CARR IN BONN

WEST GERMANY'S economy could grow by up to 1.5 per cent in real terms this year after contracting by 0.3 per cent in 1981, and the inflation rate should fall to about 5 per cent from almost 6 per cent last year.

These projections, and a forecast that the country's current-account deficit may almost vanish in 1982, are contained in the Government's economic report for this year to be approved by the Cabinet today.

The Government believes, however, that the number of unemployed, excluding the self-employed, will rise to between 1.6m and 1.7m, about 7 per cent of the labour force. Average unemployment last year was 5.5 per cent.

Accordingly, the Cabinet is also likely to approve a new programme worth several billion D-marks, aimed mainly at boosting corporate investment to help create more jobs.

Approval of the programme is expected to be accompanied by a statement emphasising that a return to full employment cannot be achieved in the short term.

The statement will stress also that trade unions and employers have major roles to play through moderation on wages and by helping hold prices down.

The job-creation programme has been a source of argument between the Social Democrat (SPD) and Liberal Free Democrat (FDP) coalition partners for some weeks. Chancellor Helmut Schmidt indicated recently he might step down if the matter was not decided soon.

The main dispute has been over financing the measures. The SPD opposes any increases in taxes and the FDP is firmly against more government borrowing.

A compromise, however, was emerging last night, involving an increase in value added tax, to be applied from 1983 only. State bonuses for enterprises which boost their investment immediately would then be financed retroactively from the additional VAT revenue.

The Government's hopes for positive economic growth this year are based on the expectation that demand from abroad for West German goods will continue to be strong.

World trade is expected to grow by about 5 per cent this year. West Germany, thanks partly to the fall in the value of the D-Mark on foreign exchanges over the past two years, could well gain an above-average share of the increase.

The current-account deficit, which totalled DM 29.8bn (£6.8bn) in 1980 and DM 17.5bn last year, could sink to about DM 5bn this year. This fall implies a nominal rise in the value of exports of goods and services of about 11 per cent, and an increase in the value of imports of between 7 and 8 per cent.

With the expected fall in inflation this could result in a stronger D-mark. Much, however, depends on the course of U.S. interest rates.

Gas storage plan hits stormy waters

BY RAY DAFTER, ENERGY EDITOR

MOBIL, a U.S.-based oil group, is expected to decide soon to moor a liquefied petroleum gas storage vessel in the Solent, one of the UK's busiest recreational boating areas.

The plan has plunged Mobil and the harbour authority—the British Transport Docks Board—into a fierce row with yachtsmen. Sailors would be barred from a 600-yard safety zone around the vessel and would have to dodge ships loading and offloading cargoes at the moored gas carrier more than 200 times a year.

The Royal Yachting Association said yesterday that the gas was too volatile and hazardous to be stored and trans-shipped in such a busy estuary. "It will be a disaster for recreational and sporting interests in the Solent," it said.

Mobil has still to commit itself to the project, which will be discussed in Southampton today by the Docks Board, local authorities and sailing interests, including the association.

Other oil companies are understood to have shown an interest in the scheme, proposed by Mr Knud Jensen, a Danish entrepreneur and consultant operating in the petroleum gas industry.

The Docks Board has identified a deep-water mooring just over a mile north of Cowes in the Isle of Wight, for the storage vessel. The site is near ferry routes and in one of the Solent's most popular sailing areas.

The moored ship would probably be an LPG carrier of up to 60,000 tonnes deadweight and with a capacity of about 120,000 cubic metres.

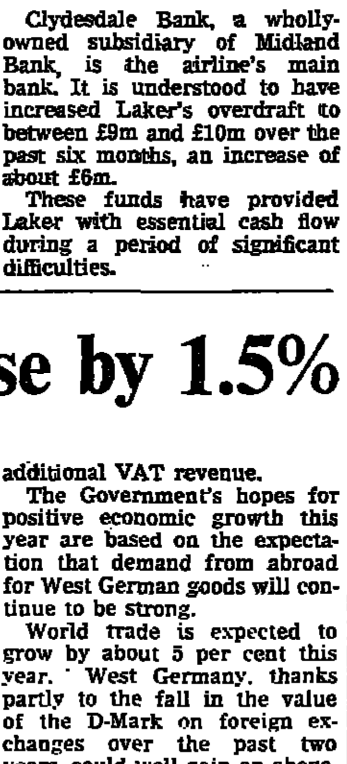
Environmentalists have labelled such vessels "floating bombs."

The Docks Board said various authorities, including the Health and Safety Executive, the Department of Trade and Det Norske Veritas—the Norwegian equivalent of Lloyd's of London—had satisfied themselves about the safety aspect of the project.

Mobil said it had an option to become involved in the scheme and no commitment had yet been made.

Mobil is understood to be considering importing gas from the Middle East to feed its new £250m catalytic cracking unit at its Coryton refinery in the Thames Estuary.

The plant, due to be commissioned towards the middle of this year, will require butane—a component of the gas—as a feedstock.



The Docks Board said that on average there could be between 15 and 20 shipments of gas each month. An attempt would be made to time these shipments to avoid major yachting events—such as the famous Cowes Week.

Weather

UK TODAY

DRY IN the East and some rain in the West. Mild.

London, SE, E England
Dry, bright intervals. Max 11C (52F).

E Scotland
Dry, cloudy, some rain later. Max 9C (48F).

Rest of Britain
Cloudy, rain spreading. Max 11C (52F).

Outlook: Rain mainly in West. Sunny intervals. Very mild.

WORLDWIDE

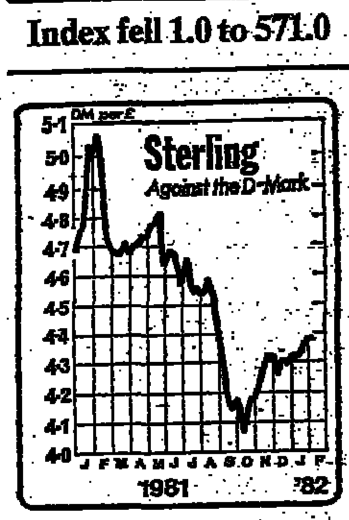
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	L. Ang.†		—	—
Algiers	S	17	63	Luxmbg.	S	2	36
Amsdm.	S	4	39	Luxor		—	—
Athens		—	—	Madrid	C	5	41
Bahrain	S	19	66	Majorca	F	16	61
Barcina.	F	13	55	Malaga	S	15	59
Beirut		—	—	Malta	C	11	52
Belfast	C	7	45	M'chstr.	C	8	46
Belgrd.	C	0	32	Melbne.		—	—
Berlin	S	1	34	Mx. C.†	F	23	73
Biarritz	S	10	50	Miami†	C	23	73
Bmghm.	F	8	46	Milan		—	—
Blackpl.	C	7	45	Montrl.†	F	−14	7
Bordx.	S	9	48	Moscow	F	−7	19
Boulgn.	F	5	41	Munich	S	−2	28
Bristol	F	9	48	Nairobi		—	—
Brussels	S	4	39	Naples	S	7	45
Budpst.	F	3	37	Nassau		—	—
Cairo	C	20	68	Nwcstl.	C	7	45
Cardiff	F	7	45	N York†	F	−2	28
Cas'b'ca	S	16	61	Nice	S	12	64
Cape T.	S	21	70	Nicosia		—	—
Chicg.†	F	−6	21	Oporto		—	—
Cologne	S	4	39	Oslo	C	1	34
Cpnhgn.	C	−3	27	Paris	S	5	41
Corfu	S	9	48	Perth	S	37	99
Denv.†	Sn	−6	21	Prague		—	—
Dublin	R	7	45	Reykjvk.		—	—
Dbrvnk.	S	6	43	Rhodes		—	—
Ednbgh.	C	8	46	Rio J'o†		—	—
Faro	C	14	57	Rome	S	10	50
Florence		—	—	Salzbrg.	S	0	32
Frankft.	S	1	34	S F'cisc†	F	11	52
Funchal	S	17	63	S. Moritz		—	—
Geneva	C	3	37	Singapr.		—	—
Gibraltar	C	14	57	S'tiago†		—	—
Glasgow	C	8	46	Stckhm.		—	—
G'msey	F	7	45	Strasbg.		—	—
Helsinki	C	−6	21	Sydney		—	—
H. Kong	C	18	64	Tangier	C	15	59
Innsbrk.	S	1	34	Tel Aviv	C	18	64
Invrnss.	C	8	46	Tenerife	S	15	59
I.o.Man	C	8	46	Tokyo		—	—
Istanbul	C	1	34	T'ronto†		—	—
Jersey	F	7	45	Tunis	C	16	61
Jo'burg	S	25	77	Valencia	C	13	55
L. Pims.	S	18	64	Venice		—	—
Lisbon	F	14	57	Vienna	C	0	32
Locarno	F	8	46	Warsaw	C	−5	23
London	F	8	46	Zurich	S	0	32

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

The American connection

Index fell 1.0 to 571.0



At times in January it seemed that the London markets' dependence on events in New York was becoming less slavish, but days like yesterday suggest the links are as strong as ever. The overnight prime rate increases sent gilt-edged prices spinning down again, while the FT 30-Share Index opened with a fall of 11.2 points. All was gloom until the U.S. markets opened firmer, when London's losses were quickly made up.

The New York debt market now seems to have reached a level of yields at which it can absorb this week's Treasury refinancing. The short money markets, too, were rather less anguished yesterday, and some big banks set their prime rates at 16¼ per cent rather than the more obvious 16½ per cent.

London's chances of regaining financial independence from New York depend to a large extent on the behaviour of sterling. This has been remarkably firm, given that the oil price remains so soggy, while to judge by the January official reserves, official support for sterling has been negligible.

Yesterday the pound moved slightly higher on its trade-weighted index, thanks to its strength against the currencies of those continental countries where political pressure to reflate is even greater than in the UK. Whether or not the option of British membership of the European monetary system has been indefinitely shelved, the Bank of England's decision to lower its money market dealing rates on Monday, when U.S. rates were rising, is the clearest possible indication that the dollar rate is not the focus of exchange rate policy.

The Bank's keenness to keep rates moving downwards has been related to its need to encourage a flow of eligible paper to the money markets. At present the flow is a bit sticky — although there is a fair arbitrage margin between bill yields and interbank money — and the Bank is running out of room for manoeuvre. The problem will vanish if the discount houses decide the Bank's rates are unsustainably low; then they will be falling over themselves to sell paper.

CBI trends

The CBI's Industrial Trends Survey is telling a rather different story from the official statistics on output. The official figures show the recession bottoming out last summer. However, adjusted for destocking, the series showing production extends only to the third quarter, and was distorted by the industrial disputes in the motor industry. Yesterday's evidence from the CBI suggests that while the underlying level of output may have stopped declining, so far there has been no overall pick-up. Moreover, with destocking still apparently continuing, albeit at a gentler pace, companies are not expecting much in the way of a recovery in demand over the next four months.

But the survey supports the general expectation in the stock market of an improving trend in company profits. Price rises are becoming easier to push through, presumably partly because of the lower level of sterling and partly because of the slowdown in destocking. Meanwhile the cutback in labour costs means that margins are being widened.

In contrast to the immediate production outlook, companies are feeling a good deal more confident—which on past form should translate into higher output in the second half. So the CBI survey is not quarrelling with the Treasury forecast of a 1 per cent rise in GDP in 1982. But already the signs indicate a very different recovery pattern from those seen in past cycles. With the upturn in demand expected to emanate from a slowdown in destocking, coupled with a rise in exports and higher investment, the intermediate and capital goods sectors are likely to ride the upturn earlier than consumer-related businesses.

Reed International

The Reed International share price has begun to discount a recovery in profits next year something approaching the 1979-80 level of £117m. Yesterday's third-quarter figures, the period to December, a shade worse than expected but did nothing to dent the underlying assumption. shares closed 2p lower at [illegible] where they yield an historic 6.7 per cent.

The improvement in pre[illegible] profits from £15.1m to £17[illegible] reflects what was, by Reed standards, a light period for [illegible]ceptional costs. With the fu[illegible] of Odhams still under rev[illegible] they totalled only £1m — [illegible] below the level of the previ[illegible] year. But Reed's third quar[illegible] was burdened this year with [illegible] full cost of the Christmas [illegible] New Year holiday, so the [illegible] level of profitability may [illegible] been broadly maintained.

A cover price increase [illegible] brought the Daily Mirror [illegible] back into profit, after se[illegible] quarter losses of £3m, and R[illegible] should soon see the benefi[illegible] its recent forays into provin[illegible] newspapers. With inte[illegible] charges still running at £1m [illegible] month, Reed is clearly attrac[illegible] to the quick cash return f[illegible] local papers and can use [illegible] own sizeable allowances [illegible] shelter their mainstream tax[illegible]

The decorative products [illegible]sion, burdened by a high st[illegible] level, is still struggling but e[illegible] where there are firm signs [illegible] recovery. Packaging is [illegible] past the worst and the Que[illegible] newsprint mill is working [illegible] out, with a price increase [illegible] the pipeline. Reed should m[illegible] almost £80m pre-tax in [illegible] current year and a maintai[illegible] final dividend should be [illegible] about covered by current earnings.

United Glass

The glass packaging indu[illegible] entered the recession with [illegible] untenably high level of capa[illegible] and break-even levels are some distance above ac[illegible] demand. The £6.2m overall [illegible] reported yesterday by Un[illegible] Glass for the year to Nov[illegible] reflects heavy closure cos[illegible] the company is still not ma[illegible] money after interest paym[illegible] Demand has fallen around [illegible] cent in the past year and [illegible] not certain that United [illegible] make a posted price rise s[illegible] But at least the company [illegible] draw comfort from its sou[illegible] balance sheet and heal[illegible] parentage—luxuries not enjo[illegible] by neighbouring Rockware.

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